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No. 1012

In the
Supreme Court of the United States
OCTOBER TERM, 1968

NATIONAL SPONGE CUSHION CO., INC.,
Petitioner,

vs.

ALLEN INDUSTRIES, INC. and
COLONIAL RUBBER WORKS, INC.,
Respondents.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

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SUBJECT INDEX

	PAGE
OPINIONS BELOW	1
JURISDICTION	2
QUESTIONS PRESENTED	2
CONSTITUTIONAL PROVISIONS, STATUTES AND RULES INVOLVED	3
STATEMENT OF THE CASE	4
REASONS FOR ALLOWANCE OF THE WRIT	7
The Ultimate Question: The Conflict in the Third and Ninth Circuits as to Validity	7
Underlying Questions (a), (b) and (c): Effective Denial of Right to Trial by Jury	8
The Trial Court's Criticism of the Jury Demand	9
Amendment to the Pleadings Denied Because Petitioner Refused to Waive Jury Demand	11
Underlying Question (d): "Non-obviousness"—A Question of Fact or Law?	14
It's a Question of Fact	15
It's a Question of Law	16
Underlying Question (e): The Failure of the Trial Court to Follow Graham	17
CONCLUSION	18
CERTIFICATE OF SERVICE	19

PAGE

APPENDICES

A. Constitutional Provisions, Statutes and Rules Involved 1c

B. Opinion of the United States Court of Appeals for the Third Circuit 3c

C. Judgment of the United States Court of Appeals for the Third Circuit 4c

D. Opinion of the United States District Court for the District of New Jersey 5c

E. Conflicting Opinion of the United States Court of Appeals for the Ninth Circuit 29c

F. Excerpts from Instructions to the Jury 40c

TABLE OF CITATIONS

Cases

Allen Industries, Inc., et al. v. *Sponge Cushion Co., Inc.*, 403 F.2d 717 (3 Cir. 1968), 292 F. Supp. 504 (D.N.J. 1967) 1, 2

Battin et al. v. *Taggert et al.*, 58 U.S. 74 (1854) 9

Beacon Theatres v. *Westover*, 359 U.S. 500 (1959) 8

Commissioner of Patents v. *Deutsche Gold-und-Silberscheideanstalt Vormals Roessler*, 397 F.2d 656 (D.C. Cir. 1968) 15

Cuno Engineering Corp. v. *Automatic Devices Corp.*, 314 U.S. 84 (1941) 7

Dairy Queen v. *Wood*, 369 U.S. 469 (1962) 8

Dow Chemical Co. v. *Halliburton Oil Well Cementing Co.*, 324 U.S. 320 (1945) 7

Eibel Process Company v. *Minnesota & Ontario Paper Company*, 261 U.S. 45 (1923) 7

The Eimco Corporation v. *Peterson Filters and Engineering Company*, ... F.2d ....., 160 USPQ 182 (10 Cir. 1968) 16

PAGE

General Instrument Corporation v. *Hughes Aircraft Company*, 399 F.2d 373 (1 Cir. 1968) 15

Graham v. *John Deere Co.*, 383 U.S. 1 (1966) 3, 5, 6, 11, 14, 16, 17, 18

Hotchkiss v. *Greenwood*, 52 U.S. 248 (1850) 9, 14

Kaiser Industries Corp. v. *McLouth Steel Corp.*, ... F.2d ....., 158 USPQ 565 (6 Cir. 1968) 16

Keyes v. *Grant*, 118 U.S. 25 (1886) 9

Koppers Company v. *Foster Grant Co.*, 396 F.2d 370 (1 Cir. 1968) 15

Lavender v. *Kurn*, 327 U.S. 645 (1946) 6

Mahaffy and Harder Engineering Company v. *Standard Packaging Corporation*, 389 F.2d 525 (4 Cir. 1968) 15

The Mansfield Tire & Rubber Company v. *National Sponge Cushion Co., Inc.*, 805 O.G. 615 (D.C. S.D. Cal. 1964) 4

National Sponge Cushion Co., Inc. v. *The Mansfield Tire & Rubber Company et al.*, 808 O.G. 722 (D.C. S.D.Cal. 1964) 4

National Sponge Cushion Co., Inc. v. *Rubber Corporation of California*, 286 F.2d 731 (9 Cir. 1961), *cert. denied* 368 U.S. 976 (1962) 2, 4

National Sponge Cushion Co., Inc. v. *Sponge Cushion, Inc. et al.*, 808 O.G. 722 (D.C. S.D.Cal., decree entered Jan. 29, 1965) 4

The Porter-Cable Machine Company et al. v. *The Black and Decker Manufacturing Company*, 402 F.2d 517 (4 Cir. 1968), *cert. denied*, ... U.S. 16

Sanitary Refrigerator Company v. *Winters et al.*, 280 U.S. 30 (1929) 7

PAGE

Swofford v. *B & W, Inc.*, 395 F.2d 362 (5 Cir. 1968), *cert. denied*, ... U.S. 16

Thomson Spot Welder Company v. *Ford Motor Company*, 265 U.S. 445 (1924) 7, 9

Tucker v. *Spalding*, 80 U.S. 453 (1872) 9

U. S. v. *Esnauli-Pelteric*, 299 U.S. 201 (1936) 9

Wilkerson v. *McCarthy*, 336 U.S. 53 (1949) 3, 6, 13

Wood v. *Underhill et al.*, 46 U.S. 1 (1847) 9

United States Constitution

U.S. Const. art. I, § 8, clause 8 3

U.S. Const. amend. VII 3

Statutes

28 U.S.C. § 1254(1) 2

28 U.S.C. § 1338(a) 4

28 U.S.C. § 2201 4

35 U.S.C. § 103 .....3, 14

35 U.S.C. § 287 8

35 U.S.C. § 292 8

Rules

Rule 19.1(b), Rules of the Supreme Court of the United States 7

Rule 38(a), F.R.Civ.P. 3, 8

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PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

Petitioner prays that a Writ of Certiorari issue to review the decision of the United States Court of Appeals for the Third Circuit in this cause.

OPINIONS BELOW

The opinion of the Court of Appeals (Appendix B, *infra* 3c)* is reported at 403 F.2d 717.

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* In this petition, the following abbreviations are used:
"a"—page of petitioner's appendix in Court of Appeals
"b"—page of respondents' appendix in Court of Appeals
"c"—page of appendices to this petition

The opinion of the District Court for the District of New Jersey (Appendix D, *infra* 5c-28c) which was adopted and approved by the court below is reported at 292 F. Supp. 504.

The conflicting opinion of the U. S. Court of Appeals for the Ninth Circuit in *National Sponge Cushion Co., Inc.* v. *Rubber Corporation of California* (Appendix E, *infra* 29c-39c) is reported at 286 F.2d 731 (1961), certiorari being denied at 368 U.S. 976 (1962).

JURISDICTION

The Judgment of the Court of Appeals was entered November 27, 1968 (Appendix C, *infra* 4c). A timely petition for rehearing was denied December 31, 1968. The mandate of the Court of Appeals has been stayed until February 6, 1969, pending the filing of this petition.

The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

QUESTIONS PRESENTED

The ultimate question presented is the resolution of the conflict as to validity of United States Patent 2,740,739, which has been held **valid** by the Court of Appeals, Ninth Circuit, but has been held **invalid** in this case by the Court of Appeals, Third Circuit. The underlying fundamental questions are:

(a) Whether the district court effectively denied this petitioner, patent owner, its constitutional right to trial by jury, and thus its constitutionally-based patent right without due process, by substituting itself as the trier of fact where there is substantial evidence to sustain the jury's verdict that the patent in suit is valid.

(b) ". . . whether the jury function in passing on disputed questions of fact and in drawing inferences from proven facts has been respected."*

(c) Whether a trial court may enter judgment notwithstanding the verdict where there are controverted issues of material fact without showing that, or even considering whether, reasonable men could not have reached the verdict of validity returned by the jury.

(d) Whether "non-obviousness" of patented subject matter under 35 U.S.C. § 103 is a question of fact as recently held by several circuits or solely a question of law as inferentially held in the instant case and by other circuits.

(e) Should this Court hold that "non-obviousness" is solely a question of law, whether a trial court may upset the verdict of a jury, which had been properly instructed under the "non-obviousness" guidelines of *Graham* v. *John Deere Co.*, 383 U.S. 1, 17 (1966) and independently reevaluate the evidence and the issue of "non-obviousness" without itself strictly following these same guidelines.

CONSTITUTIONAL PROVISIONS, STATUTES AND RULES INVOLVED

This case involves Clause 8 of Section 8, Article I, and Amendment VII of the Constitution of the United States; Section 103 of Title 35, United States Code; and Rule 38(a) of the Federal Rules of Civil Procedure (Appendix A, *infra* 1c-2c).

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* Quoted from the concurring opinion of Justice Douglas in *Wilkerson* v. *McCarthy*, 336 U.S. 53, 71 (1949).

STATEMENT OF THE CASE

This case originated as an action for declaratory relief under 28 U.S.C. § 2201 in the District Court of New Jersey, jurisdiction being based upon 28 U.S.C. § 1338(a).* Respondents (alleged infringers) sought to have petitioner's patent (2,740,739) declared invalid and not infringed, and petitioner counterclaimed for infringement (53a). Validity of the patent has been previously upheld and infringement decreed by a jury in California and by the Court of Appeals for the Ninth Circuit in *National Sponge Cushion Co., Inc.* v. *Rubber Corporation of California,* 286 F.2d 731 (9 Cir. 1961), *cert. denied,* 368 U.S. 976 (1962). Validity and infringement thereof have also been admitted in several consent decrees (269a-270a). *The Mansfield Tire & Rubber Company* v. *National Sponge Cushion Co., Inc.,* 805 O.G. 615 (D.C. S.D.Cal. 1964); *National Sponge Cushion Co., Inc.* v. *The Mansfield Tire & Rubber Company et al.,* 808 O.G. 722 (D.C. S.D.Cal. 1964); *National Sponge Cushion Co., Inc.* v. *Sponge Cushion, Inc. et al.,* 808 O.G. 722 (D.C. S.D.Cal., decree entered Jan. 29, 1965).

The patent relates to an improvement in waffle-type sponge rubber carpet padding or "Carpet Underlay" (8c-9c). The patented product is produced and sold by petitioner nationally (140a). Rights under the patent are licensed to several other companies (185a-187a).

Petitioner made a timely jury demand which was much criticized by the trial court (2a, 26a-35a, 40a, 46a-47a). Petitioner refused to waive its jury demand and the case

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* On the same day, February 4, 1965, petitioner had filed an action for infringement against respondent Allen and others in the United States District Court, Southern District of California (now Central District), No. 65-185 FW. That action is still pending.

was tried to a jury in April 1966. The trial court, with the approval of respondents, carefully followed *Graham* v. *John Deere Co., supra,* in instructing the jury on "non-obviousness" and specifically set forth the three "basic factual inquiries" of *Graham* for the jury's consideration (Appendix F, *infra* 40c-42c). Midway during the jury's nine hours of deliberations, the court, at the jury's request, repeated its instructions on non-obviousness and again included the three "basic factual inquiries" of *Graham* as the "background" against which "the obviousness or non-obviousness of the subject matter is to be determined" (Appendix F, *infra* 43c-44c).

With no knowledge of the prior favorable adjudication and in the light of *Graham* guidelines, the jury found that all claims of the patent are valid and that one of the claims is infringed by certain of respondents' products (230a-234a). The issue of damages was resolved by agreement without submission to the jury (187a-188a, 201a-202a, 235a-237a).

On May 9, 1966, respondents moved for judgment notwithstanding the verdict (6a, 237a-238a). On July 12, 1967, **fifteen months after the jury's verdict,** the court substituted its findings for those of the jury. It found the patent "invalid for failure to meet the test of non-obviousness. . . . 35 U.S.C. § 103" (13c, 28c), although acknowledging (28c) petitioner's

> ". . . evidence on such secondary considerations as commercial success, unsolved need, failure of others, and licensing agreements which are relevant indicia of non-obviousness . . ."

The jury's finding of infringement was not disturbed except that judgment of non-infringement was entered

"by reason of its [the patent's] invalidity (267a). No mention was made of the conflict with the Ninth Circuit.

In upsetting the jury's verdict, the court acknowledged the delicate balance that must be maintained in the allocation of functions between the judge and the jury (12c). But, petitioner submits, the court then went on to treat the issue of non-obviousness **de novo** as if there had been a bench trial. It acted as the trier of fact in a jury case. Even on this basis it erred by selecting evidence most favorable to respondents and by denigrating or ignoring substantial evidence to the contrary. It concluded (28c):

> "The evidence convinces us . . ."

Conspicuous by their absence are such phrases as "Taking the evidence in the light most favorable to the defendant [petitioner]" or "Reasonable men could not have found the fact to be" or "There are no controverted issues of fact" or "palpable error" or other phrases of similar import which would have reflected recognition of the proper standards in passing on a motion for judgment n.o.v. *Lavender* v. *Kurn,* 327 U.S. 645, 652, 653 (1946); *Wilkerson* v. *McCarthy,* 336 U.S. 53, 57 (1949).

But even in making its own independent evaluation of the evidence, the court departed from the "basic factual inquiries" of *Graham* v. *John Deere Co., supra,* for evaluating non-obviousness. Although having twice instructed the jury to consider (41c, 43c):

> "3. The level of ordinary skill in the pertinent art involved in the year 1952",

the court ignored this inquiry in its own independent evaluation of the "basic **factual** inquiries" of *Graham.*

On appeal, petitioner raised the same questions presented in this petition, stressing in particular the abundant and persuasive evidence supporting the jury's verdict upholding the patent and the effective denial of petitioner's constitutional right to trial by jury.

In a four-sentence per curiam opinion, the Court of Appeals failed to deal with the fundamental issues raised on appeal and affirmed the order of the district court on its opinion (Appendix B, *infra* 3c). Again no mention was made of the conflict with the Ninth Circuit.

Petition for rehearing was denied without opinion.

REASONS FOR ALLOWANCE OF THE WRIT

The Ultimate Question: The Conflict in the Third and Ninth Circuits as to Validity

The conflict as to validity in the Third and Ninth Circuits presents unresolvable problems to petitioner and the carpet padding industry and represents the primary circumstance in patent cases which motivates this Court to grant certiorari. *Eibel Process Company* v. *Minnesota & Ontario Paper Company,* 261 U.S. 45, 47 (1923); *Thomson Spot Welder Company* v. *Ford Motor Company,* 265 U.S. 445 (1924); *Sanitary Refrigerator Company* v. *Winters et al.,* 280 U.S. 30, 34 (1929); *Cuno Engineering Corp.* v. *Automatic Devices Corp.,* 314 U.S. 84, 85 (1941); *Dow Chemical Co.* v. *Halliburton Oil Well Cementing Co.,* 324 U.S. 320, 322 (1945); Rule 19.1(b) of this Court.

Petitioner, present licensees and prospective licensees are making, using and/or selling the patented product throughout the United States. If the conflict as to validity is not resolved by this Court, it will cause confusion and present dilemmas of great practical and legal consequence.

If this Court declines review, the product claimed in the patent is a patented product in the Ninth Circuit but will be an unpatented product in the Third Circuit. Under such circumstances, are manufacturers, users or sellers free to practice the invention in the Third Circuit but not in the Ninth Circuit? If the product is manufactured in the Third Circuit, can it be sold or used in the Ninth Circuit without a license? If the product is sold or used in the Third Circuit, can it be manufactured in the Ninth Circuit without a license? What is the situation in the other circuits?

What representations can the petitioner now make as to the patented nature of its product to the public or prospective licensees? If petitioner continues to mark its nationally-distributed product as a patented product in compliance with 35 U.S.C. § 287, would such marking be misleading in the Third Circuit? Would petitioner be guilty of "False Marking" under 35 U.S.C. § 292?

This confusing situation and conflict can only be resolved by this Court granting the present petition.

Underlying Questions (a), (b) and (c):
Effective Denial of Right to Trial by Jury

This Court has repeatedly spoken on the right of litigants to trial by jury under Amendment VII of the U. S. Constitution and has upheld that right against procedural deprivation, *e.g., Beacon Theatres* v. *Westover,* 359 U.S. 500 (1959); *Dairy Queen* v. *Wood,* 369 U.S. 469 (1962). The inviolate nature of the right is reflected in Rule 38(a), Federal Rules of Civil Procedure. When one exercises that "right" in patent cases, however, it is too often viewed with derision and suspicion at the trial level, despite the long history of juries in patent cases, *e.g.,*

Hotchkiss v. *Greenwood,* 52 U.S. 248 (1850); *Keyes* v. *Grant,* 118 U.S. 25 (1886); and the repeated recognition of the jury function in such cases, *e.g., Wood* v. *Underhill et al.,* 46 U.S. 1, 5, 6 (1847); *Battin et al.* v. *Taggert et al.,* 58 U.S. 74, 84 (1854); *Tucker* v. *Spalding,* 80 U.S. 453, 455 (1872); *Thomson Spot Welder Company* v. *Ford Motor Company,* 265 U.S. 445, 446 (1924); *U. S.* v. *Esnault-Pelterie,* 299 U.S. 201, 207 (1936).

In this case, the jury demand was repeatedly criticized by the court, and petitioner was penalized for refusing to waive its right to a jury, as detailed hereinafter. When petitioner won a favorable verdict, the right became an illusion. The court proceeded (after a 15-month delay) to upset the jury verdict, based on its own independent evaluation of the evidence, as established by its own opinion. It clearly did not observe the proper guidelines in passing on motions for judgment n.o.v., reflecting its mistrust of juries in patent cases.

The Trial Court's Criticism of the Jury Demand

In its opinion granting respondents' motion for judgment n.o.v., the court remarked (5c):

> "Defendant [Petitioner] was **most insistent** upon exercising its right to a jury trial. **Consequently,** a jury was impaneled . . ."*

There is a history behind this remark.

At the first preliminary hearing (September 20, 1965) after the timely jury demand was made, the court stated that it was "quite surprised" by the jury demand and that this (26a-28a):

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* Emphasis in quotations added throughout this petition.

> ". . . is just the type of case that **should never be tried by a jury** at all, I think it is **asinine** to try a case of this nature before a jury. **I use that word advisedly**. . . ."

The court further observed in connection with the task of evaluating the invention in the light of prior art patents (28a):

> ". . . How can a jury **possibly** do anything of the **sort?**"

In further discussing the ability of jurors (29a-34a), the court stated (30a):

> "The Court: Nobody can convince me that somebody who is a bus-driver or somebody who is a school-teacher or somebody who has a minor accounting position or even a major one can come in here absolutely unacquainted with matters of patents . . . and come out with an intelligent verdict, that twelve of them can. **I think it is impossible.**"

Petitioner's counsel inquired whether the court felt that patent cases should not be tried to a jury. The court stated (30a):

> "The Court: I can't make such a ruling. **I do feel it is silly,** but I am not in a position to lay down a regulation to that effect."

Petitioner's counsel stressed the unusual simplicity of the patented subject matter in the present case (improved carpet padding) and drew a parallel with the ability of jurors to handle the technical complexity involved in evaluating negligence in certain personal injury cases; however, the court remained unconvinced (30a-32a):

"The Court: . . . **I don't think it is comparable . . . I think it is impossible.**"*

The court subsequently observed that if a jury can handle a patent case, "it is going to be **miraculous** . . ." (34a).

The court's attitude toward petitioner's jury demand was reflected throughout the proceedings. During the hearing of March 7, 1966, the court stated (46a-47a):

". . . I would assume that the depositions are not going to be read in great force **to this poor old jury** in this case, . . ."

* * *

"I hope I am not going to have a jury trial in this involved patent suit by deposition. **It is going to be bad enough** by witnesses being present."

Amendment to the Pleadings Denied Because Petitioner Refused to Waive Jury Demand

The trial court's attitude with respect to juries in patent cases was not academic. It affected the court's judgment and decisions.

On the day this suit was filed, petitioner sued respondent Allen and others for infringement of the same patent in the U. S. District Court at Los Angeles and also charged respondent Allen with related trademark infringement and unfair competition. Petitioner promptly moved in the New Jersey case to stay proceedings or to transfer the case to California, stressing that only in California are all three related issues before the court (8a-11a). In denying the motion, the court stated (12a):

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* Cf. *Graham* v. *John Deere Co.*, 383 U.S. 1, 18 (1966): ". . . The difficulties, however, are **comparable** to those encountered daily by the courts in such frames of reference as negligence and scienter, . . ."

> "The Court: . . . I am only saying those [trademark infringement and unfair competition] could be brought into issue here within a very short time **by just filing some sort of pleading with those issues in it**; so we avoid multiplicity of suits as to those suits by mere filing and bringing the issue here, . . ."

Subsequent evidence confirmed that the trademark and unfair competition issues arose out of the **same transactions** as the issue of patent infringement (42a-45a, 47a-47a[2]). Despite such additional evidence, despite the refusal to stay or transfer to California, despite the liberal policy of freely allowing amendments to pleadings, and despite the court's previous statement that these issues could be added, the court refused to grant petitioner's subsequent motion to do so unless petitioner waived its jury demand (13a-25a, 34a):

> "The Court: . . . **If this was not a jury trial,** I think I would stand on the words of that occasion and allow it. . . ."

As to counsel's contention that a jury was capable of handling both trademark and patent infringement issues in the same case, the court stated (31a, 34a):

> "The Court: You are a great expert with juries, but **you far exceed my enthusiasm on juries.**
>
> * * *
>
> "The Court: Obviously it is too complicated for them. . . ."

The September 20, 1965 hearing closed on the following note (40a):

> "The Court: On this question of your right to amend the pleadings and bring in the trade-mark, I

have given you that right **if you withdraw the jury** . . .

"Mr. Welsh: If we have a legal or constitutional right to it—

"The Court: Look, I have all kinds of right to sever or do anything I want, and I am not going to allow this to be super-encumbered with a lot of side issues.

"Mr. Welsh: We are talking about a constitutional right."

* * *

Thereafter, in view of certain changed conditions, petitioner again moved to stay or transfer the case, reiterating that only in California were all related issues before the court (42a-45a). The court dismissed this argument, stating (47a):

"The Court: Sure, they would have been in this suit **if there hadn't been a demand for a jury.**"

Petitioner submits that the trial court's opinion, reading as if the case had been a bench trial and granting judgment n.o.v. fifteen months after the jury trial, should be considered in the light of its stated views on juries in patent cases. The grant of certiorari will permit this Court to ascertain ". . . whether the jury function in passing on disputed questions of fact and in drawing inferences from proven facts has been respected." *Wilkerson* v. *McCarthy*, 336 U.S. 53, 71 (1949). It will also correct the misimpression that while the right to trial by jury is inviolate, it had best not be exercised in patent cases.

Underlying Question (d): "Non-obviousness"—A Question of Fact or Law?

The lower court, through its acceptance and approval of the district court's opinion, holds in effect that because "The **ultimate** question of patent **validity** is one of law. . . ." (12c), the **primary** question of **non-obviousness** is also a question of law. By so holding the lower court has reverted to the pre-*Graham* confusion which had developed during the century between *Hotchkiss* v. *Greenwood,* 52 U.S. 248 (1850), and *Graham.*

This confusion arose from the use of the word "invention" rather than "non-obviousness", and as *Graham* pointed out, it was the purpose of Congress, and the holding of *Graham,* to restore clarity by eliminating such phrases as ". . . the established standards of invention" as used by the trial judge here (12c). Congress substituted the sub-standard "non-obviousness" as a factual issue to be determined alongside novelty and utility to reach the ultimate question of patent validity (35 U.S.C. § 103).

The district court failed to observe the distinction between "invention" as "non-obviousness" and "invention" as "patentability". The district court proceeded on the assumption that the word "invention" had always been used in one sense only. Thus, when the district court refers to "established standards of invention" it falls into the erroneous syllogism that since "non-obviousness" is the new word for "invention" and "invention" formerly meant "patentability", "non-obviousness" now means "patentability" and thus remains a question for the court. This is a **non sequitur.** The repeated references in *Graham* to "facts", "factual inquiries" and "comparison" escaped the attention of the district court.

Of course, the "ultimate" question of **validity** may be for the court. "Ultimate" means "completed, last, final,— to come to an end, be last." This "ultimate" control is exercised by the court through its power to declare a district judge's finding "clearly erroneous" and its power to find that a jury's verdict is contrary to law (in the common law sense). But this process was not followed here. Instead, the facts were reviewed **de novo** by the district court.

The question as to whether "non-obviousness" is a question of fact or law is the primary basis of conflict and diversity of decision among the courts of appeals in patent cases today. Recent (1968) cases point up the spreading conflict and confusion.

It's a Question of Fact

In *Mahaffy and Harder Engineering Company* v. *Standard Packaging Corporation,* 389 F.2d 525, 530 (4 Cir. Jan. 1968), the court stated:

> "Since statutory obviousness is a question of **fact** . . . we could reverse the District Judge's finding here only if we were convinced that it was clearly erroneous. . . ."

In *Commissioner of Patents* v. *Deutsche Gold-und-Silberscheideanstalt Vormals Roessler,* 397 F.2d 656, 661 (D.C. Cir. May 1968), the court applied the clearly erroneous rule on the ground that obviousness

> ". . . is a **factual** conclusion based on a legal standard . . ."

In *Koppers Company* v. *Foster Grant Co.,* 396 F.2d 370, 372 (1 Cir. June 1968), and *General Instrument Corpora-*

tion v. *Hughes Aircraft Company,* 399 F.2d 373, 384 (1 Cir. July 1968), the court held that the determination whether a discovery

> ". . . is or is not obvious must be a question of **fact**. . . ."

In *The Porter-Cable Machine Company et al.* v. *The Black and Decker Manufacturing Company,* 402 F.2d 517, 519 (4 Cir. Sept. 1968), *cert. denied,* ..... U.S. ....., the court, relying on *Graham,* stated:

> ". . . the issues of prior art, anticipation, utility, **obviousness** and infringement . . . are **factual** [and] come within the commandment of Rule 52 F.R.Civ.P. . . ."

In the *The Eimco Corporation* v. *Peterson Filters and Engineering Company,* ..... F.2d ....., 160 USPQ 182, 186 (10 Cir. Dec. 1968) the court stated:

> ". . . obviousness as referred to in Section 103 is a question of **fact** for the trial court, which determination should not be set aside in the absence of clear error. . . ."

It's a Question of Law

In *Swofford* v. *B & W, Inc.,* 395 F.2d 362, 368 (5 Cir. May 1968), *cert. denied,* ..... U.S. ....., the Fifth Circuit concluded:

> ". . . that the ultimate issue under section 103 is one of **law** . . ."

and approved the district court's withdrawal of the issue from the jury.

In *Kaiser Industries Corp.* v. *McLouth Steel Corp.,* ..... F.2d ....., 158 USPQ 565, 571 (6 Cir. August 1968), the court held that:

> ". . . The ultimate distinction is one of **law** because it amounts to a determination of obviousness or nonobviousness. . . ."

The conflict between so many courts of appeals has led and is leading to major differences in administration of the patent laws in different circuits. The conflict cries out for a decision by this Court.

Underlying Question (e): The Failure of the Trial Court to Follow Graham

In his opinion the trial judge set forth three "inquiries" for evaluating non-obviousness (13c-14c) and then discussed each (14c-20c, 20c-25c, 25c-28c). The first two inquiries are identical to the first two "basic factual inquiries" of *Graham, supra.* But his third inquiry is not that of *Graham.* The trial judge stated (13c-14c):

> ". . . and (3) it must be determined whether the differences defined would have been obvious at the time of the claimed invention to a person having ordinary skill in the art . . ."

This is the ultimate question. *Graham* (at page 17) defines the third inquiry as:

> ". . . the level of ordinary skill in the pertinent art . . ."

and *Graham* specifically refers to this as a "factual" inquiry. *Graham* requires that this inquiry be made before the court can answer the ultimate question posed by the trial judge's third step. One can search the opinion in vain for any discussion of the "level of ordinary skill".

The omission of this third *Graham* inquiry is strange because fifteen months earlier the Judge twice properly instructed the jury (43c):

". . . you should consider . . .

"1. . . .

"2. . . . and

"3. The level of ordinary skill in the pertinent art involved in the year 1952.

"**Against this background** the obviousness or non-obviousness of the subject matter is to be determined."

Having provided the jury with the proper *Graham* guidelines for evaluating non-obviousness, the trial court was inconsistent in upsetting the jury's verdict more than a year later without itself strictly following the same guidelines. Since the requirements of *Graham* represent the primary guidance by this Court to the profession in resolving the most critical question in the field of patent law under the Patent Act of 1952, this departure from *Graham* should not be allowed to become the "leak in the dike", which will bring back the confusion of the pre-*Graham* days.

CONCLUSION

On the surface, we bring a patent case involving a direct conflict between decisions of the Third and Ninth Circuits as to validity. The case also involves unsettled fundamental issues which are leading to a growing diversity and conflict in the administration of the patent laws among the various circuits. Of greater importance, we bring the opportunity for this Court to decide whether a constitutionally-based patent right is being denied without due process. Petitioner submits that the jury function

has not been respected in this case and that petitioner has effectively been denied its right to trial by jury.

These patent and constitutional questions merit the consideration of this Court. Petitioner respectfully urges this Court to grant certiorari.

Respectfully submitted,

.....

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January 31, 1969

CERTIFICATE OF SERVICE

Service of this Petition has been made upon Allen Industries, Inc. and Colonial Rubber Products, Inc., Respondents, by depositing a copy in a United States mailbox, first class postage prepaid, addressed to Don K. Harness, Esq., 700 Fisher Building, Detroit, Michigan, 48202, on January 31, 1969, and by depositing a copy in a United States mailbox, airmail postage prepaid, addressed to Robert M. Backes, Esq., 20 West State Street, Trenton, New Jersey 08608, on January 31, 1969. All parties required to be served have been served.

.....

Attorney for Petitioner

APPENDICES

APPENDIX A

Constitutional Provisions Involved

Clause 8 of Section 8, Article I

Section 8. The Congress shall have Power. . . .

To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries. . . .

Amendment VII

In suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law.

Statutes Involved

35 U.S.C. § 103

§ *103. Conditions for patentability; non-obvious subject matter*

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

Rules Involved

Rule 38(a), Federal Rules of Civil Procedure

Rule 38.

Jury Trial of Right

(a) Right Preserved. The right of trial by jury as declared by the Seventh Amendment to the Constitution or as given by a statute of the United States shall be preserved to the parties inviolate.

APPENDIX B

UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT

No. 17164

ALLEN INDUSTRIES, INC., A DELAWARE CORPORATION, AND COLONIAL RUBBER WORKS, INC., AN INDIANA CORPORATION

v.

NATIONAL SPONGE CUSHION CO., INC., A CALIFORNIA CORPORATION,

Appellant.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEW JERSEY

Argued October 10, 1968
Before McLAUGHLIN, STALEY and VAN DUSEN,
Circuit Judges.

OPINION OF THE COURT

(Filed November 27, 1968)

PER CURIAM.

This is an appeal from an order of the district court granting plaintiff's motion for judgment notwithstanding the verdict following a jury trial and verdict for defendant. Appellant contends that there were conflicts of fact necessary for the jury to resolve; and that there was no showing that reasonable men could not have reached the verdict returned by the jury and thus, in granting the motion, the district court usurped the function of the jury to find the facts.

We have carefully examined the record and can find no error. We will affirm the order of the district court on its thorough and well-reasoned opinion, Allen Industries, Inc. v. National Sponge Cushion Co., 292 F. Supp. 504 (D. N.J. 1967).

APPENDIX C

UNITED STATES COURT OF APPEALS
FOR THE THIRD CIRCUIT

No. 17,164

ALLEN INDUSTRIES, INC., a Delaware Corporation and COLONIAL RUBBER WORKS, INC., an Indiana Corporation

vs.

NATIONAL SPONGE CUSHION CO., INC., a California corporation,

Appellant

(D. C. Civil Action No. 106-65)

ON APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE —— DISTRICT OF NEW JERSEY

Present: McLAUGHLIN, STALEY and VAN DUSEN, *Circuit Judges.*

JUDGMENT

This cause came on to be heard on the record from the United States District Court for the —— District of New Jersey and was argued by counsel.

On consideration whereof, it is now here ordered and adjudged by this Court that the order of the said District Court, filed November 29, 1967, be, and the same is hereby affirmed, with costs.

ATTEST:
M. Elizabeth Ferguson
Chief Deputy Clerk

November 27, 1968

APPENDIX D

UNITED STATES DISTRICT COURT
District of New Jersey

ALLEN INDUSTRIES, INC., and COLONIAL RUBBER WORKS, INC., Plaintiffs, v. NATIONAL SPONGE CUSHION, INC., Defendant.	Civil No. 106-65 OPINION

LANE, *District Judge*:

This case was instituted by Allen Industries as a declaratory judgment action seeking to have the four claims of National Sponge's Patent No. 2,740,739 declared invalid. National Sponge answered, asserting the validity of its patent claims, and counter-claimed, alleging that certain of Allen's products infringed its patent. Defendant's answer contained a demand that the case be tried by a jury. Subsequent to defendant's answer, Colonial Rubber Works, a wholly-owned subsidiary of Allen and the manufacturer of the products claimed to infringe defendant's patent, was granted leave to intervene as a party plaintiff.

This action was brought pursuant to 28 U.S.C. § 2201 with jurisdiction being based on 28 U.S.C. § 1338(a). Venue is proper since one of defendant's manufacturing plants is located in New Jersey. 28 U.S.C. § 1391(c).

Defendant was most insistent upon exercising its right to a jury trial. Consequently, a jury was impaneled and the trial commenced on April 11, 1966. The trial continued until April 29, 1966, when the jury returned a verdict finding the four claims of defendant's Patent No. 2,740,739 valid and finding that four of plaintiffs' products infringed Claim One of said patent. By agreement of the parties, the damage issue was not submitted to the jury.

On May 9, 1966, plaintiffs filed in accordance with Rule 50 of the Federal Rules of Civil Procedure a motion for a judgment notwithstanding the verdict. The motion is properly before this court since plaintiffs' motion for a directed verdict made at the close of the presentation of evidence was denied. See, *e.g., Beebe* v. *Highland Tank & Mfr. Co.*, 373 F.2d 886, 888 (3d Cir. 1967).

The parties in this case are engaged in the production and distribution of carpet underlay. Carpet underlay, as its name connotes, is a product which is placed under carpeting to increase cushionability and prevent slippage.

There are various types of carpet underlay and they differ greatly in terms of such things as feel under foot, durability, and ease of handling. Carpet underlay is produced from a variety of materials including jute, cattle hair, foam rubber, and sponge rubber. It can be either flat on both sides, flat on one side with embossments on the other, or waffled with bulges on both sides. Some carpet underlay has no reinforcing fabric while others have fabric backing. The fabric backings vary in terms of the closeness of the weave, the type of material, and the method of adhering the fabric to the underlay.

Allen Industries has been in the carpet underlay business for well over thirty years. In the early 1930's the only carpet underlay marketed by Allen was made of fiber materials such as cattle hair and jute. These products were somewhat modified in the middle 1930's by coating them with a latex spray in order to give them a greater degree of uniformity and cleanliness. Products such as these are still being produced and marketed by Allen, see P-216 and P-217.

In or about 1937 the first flat sponge rubber carpet underlay was introduced on the market. Shortly thereafter Allen was contacted by the U. S. Rubber Company and was shown some samples of a sponge rubber cushion product similar to P-91 which was flat on one side and

had raised embossments on the other. This "waffled rubber sheet" sample had no fabric reinforcement on it. The individual primarily responsible for this product was Mr. Virgil H. Bodle who was employed at the time by U. S. Rubber. In 1938 Allen entered into an agreement with U. S. Rubber to purchase its entire output of waffled rubber sheets and to act as its marketing agent. Allen also marketed a U. S. Rubber product called Sentinel which was a flat non-skid pacer gripper material, see P-55, with a fabric reinforcement in the center similar to a present Allen product, P-206. These market arrangements were abbreviated in 1941 by the war conditions which made rubber for carpet use unavailable.

When rubber became available again after the war Allen started to manufacture its own rubberized type underlay under the name Rubber-Loc, P-215. The other major companies came out with flat sponge rubber products and the first waffled sponge rubber products were introduced. B. F. Goodrich introduced a waffled sponge without a fabric backing similar to P-21 in 1949 and then modified it by adding a paper backing in 1951. U. S. Rubber produced and sold a waffled sponge with a fabric backing, P-98, sometime around 1950 or 1951 (Tr. 146).

Defendant National Sponge first commercially produced a waffled sponge rubber product with a fabric backing, P-121, in the early part of 1952. This was shortly before Mr. Bodle, formerly of U. S. Rubber, joined National Sponge. National Sponge experimented with a waffled underlay through 1952, and in December filed its application for the patent in suit, No. 2,740,739. The patent claimed a product, P-35, similar to the waffled sponge it was already producing, P-121, except that the fabric was to be applied without an adhesive.

In 1958 Allen Industries began to manufacture a flat foam rubber cushion and subsequently expanded its line to include a waffled foam rubber product. See P-210 and P-211. In the early 1960's Allen was producing a full line of carpet underlay products except for a sponge rubber

series. Perhaps to fill this gap, Allen purchased the Colonial Rubber Works in Dyersburg, Tennessee, in 1962. At the time, Colonial was engaged primarily in the business of custom blending various kinds of sponge rubber. Shortly thereafter Mr. George R. Sprague, formerly of B. F. Goodrich, was hired, and in the spring of 1963 Colonial started to manufacture a line of waffled sponge rubber products. It is these products which are the accused products in defendant's counter-claim for infringement.

Application for the patent in suit was submitted on December 27, 1952, Serial No. 328,186, and the patent was issued on April 3, 1956. The named inventors were Messrs. Dixon R. Harwin, Alfred Stern, and Virgil H. Bodle; National Sponge Cushion Co. was named as assignee of the patent. The claims of Patent No. 2,740,739 are as follows:

1. A carpet underlay comprising a coarse-mesh fabric, and a sponge rubber facing on one side of said fabric and formed with bulges that are spaced from the fabric, said facing between the bulges, being in contact with the fabric and having a multiplicity of projections formed and forced by pressure from a blowing agent and extending into and through the interstices of the fabric.

2. A carpet underlay according to claim 1: the portions of said projections that extend through the interstices of the fabric being larger than said interstices to effect a key-locking engagement of the fabric and sponge rubber.

3. A carpet underlay comprising of coarse-mesh fabric, a sponge rubber facing on one side of said fabric and formed with bulges that are spaced from the fabric, said facing, between the bulges, being in contact with the fabric, a multiplicity of integral projections on the bulges and extending through the interstices of the fabric to bond the bulges of the facing and the fabric, the latter being generally flat.

4. In a carpet underlay according to claim 3: the projections being disposed along spaced parallel lines that are on a bias relative to the weave of the fabric.

Since a waffled type of sponge rubber with a fabric backing was sold in the United States more than one year prior to the date of defendant's patent application (Tr. 148, P-218, it is clear that the patent would not be valid merely as a claim for a waffled sponge rubber underlay with a mesh fabric backing. 35 U.S.C. § 102(b). However, the essence of the alleged invention is broader than the general components of the product claimed; it relates specifically to a method of bonding the woven fabric backing to a waffled sponge rubber.

The teaching of the patent is that bonding can be achieved without an adhesive by having the sponge rubber between the bulges expand through the openings in the weave of the fabric (interstices), such expansion being caused by blowing agents added to the uncured sponge rubber. Once the rubber is blown through the interstices of the fabric, the bond is caused by the outward push that the projections have on the fabric surrounding the openings (Claim 1), and by the key-locking engagements formed by the flattening out of some of the projections to form rivet-like heads larger than the interstices (Claim 2). Said projections are supposed to be formed on the facing between the bulges (Claims 1 and 2) and are also claimed to be on the bulges (Claim 3). Since the waffled bulges are on a bias relative to the weave of the fabric backing, the projections on the bulges (and presumably on the facing between the bulges) will also be on a bias relative to the weave of the fabric (Claim 4).

These claims can better be explained by reference to the Figures A to G. Figure A represents the apparatus for producing the product covered by the patent in suit. (This apparatus is claimed in Patent 2,703,909, issued on March 15, 1955, to National Sponge as assignee from Messrs.

Harwin, Stern, and Bodle.) Figures B to D show the top side of the product with the fabric backing (8) and the projections (29) through the interstices. Figure E is a cross section of the waffled sponge showing the fabric backing (8) joined by means of projections (29). The bulges away from the fabric (30) and under facing (31) between the bulges are also shown. Figure F, which is an enlarged portion of the cross section, shows that the projections (29) are flattened out and are mushroomed around the adjacent threads (33). Figure G shows a bottom view of the finished waffled sponge rubber sheet with its bulges (30) and depressions (31).

The first step in the manufacture of the product in suit is to mix a blend of sponge rubber and to form it into a thin, flat sheet. This sheet of sponge rubber (6) leaves the blender and is fed onto a continuously moving link chain mold (5). The open weave fabric (8) is guided atop the rubber sheet by means of roller (7) and is then pressed against it by means of roller (9). Beneath the chain mold is a canvas apron (11) and above the chain, rubber, and fabric is an upper canvas apron (10). This five-ply sandwich is fed into a steamheated oven formed by two steel platens or chambers (27) with a fixed space between them. When subjected to the desired temperature a simultaneous blowing and vulcanization of the special sponge rubber mixture will occur. The temperature at which this occurs depends on the amount of blowing agents and accelerators added to the sponge rubber. As the mixture is heated the rubber will begin to expand and will sag downward (30) into the open channels (19) of the mold. The rubber sheet supported on the mold (31), however, cannot sag downward. Instead it will expand upward and be forced by the blowing agents against and through the mesh fabric, thereby forming projections (29). Some of the projections through the fabric will encounter the upper apron (10) and will be flattened out and mushroom around adjacent threads (33).

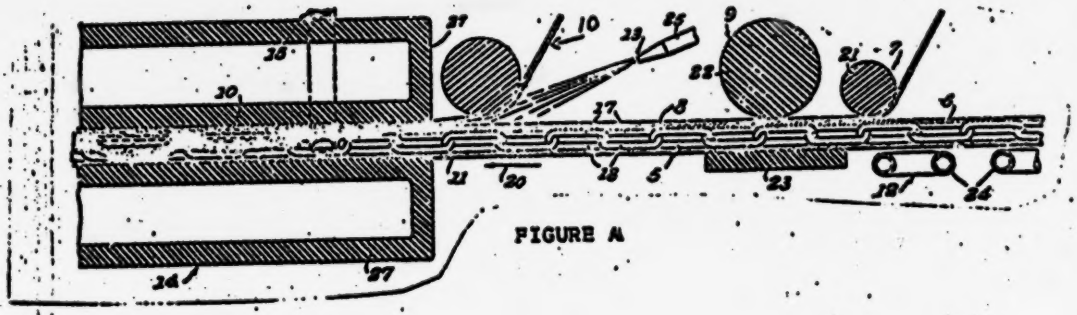

FIGURE A

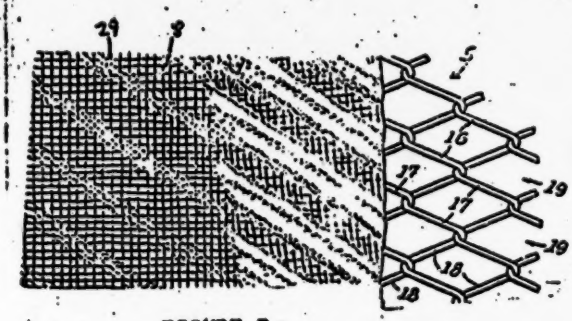

FIGURE B

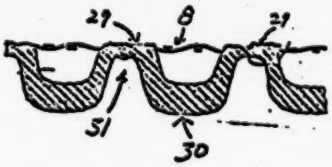

FIGURE E

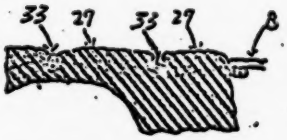

FIGURE F

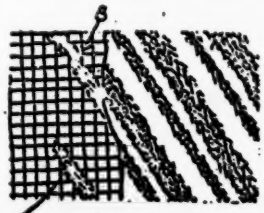

FIGURE C

FIGURE D

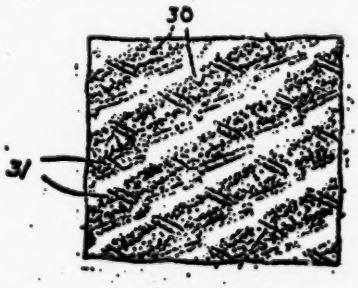

FIGURE G

On this motion for a judgment notwithstanding the verdict, plaintiffs contend, *inter alia*, that the claims of Patent No. 2,740,739 are invalid. In support of this contention plaintiffs assert the following theories: (a) the invention claimed was anticipated by the prior art, 35 U.S.C. § 102(a); (b) the invention claimed had already been made by others in this country and had not been abandoned, 35 U.S.C. § 102(g); (c) the invention claimed does not meet the requirement of non-obviousness, 35 U.S.C. § 103; (d) the invention claimed was merely an assembly of old elements, *Lincoln Engineering Co.* v. *Stewart Warner Corp.*, 303 U.S. 545 (1938); (e) the invention claimed would inevitably be produced as a result of the process of Claim 8 of Patent No. 2,703,909 and therefore constitutes double patenting, *Miller* v. *Eagle Mfg. Co.*, 151 U.S. 186 (1894); (f) the invention claimed is not sufficiently described in the specifications, 35 U.S.C. § 112.

In dealing with plaintiffs' motion this court is well aware of the delicate balance that must be maintained in the allocation of functions between the judge and the jury. The jury has determined that defendant's patent is valid, and we are now asked to enter a judgment declaring the patent invalid notwithstanding the jury verdict.

The ultimate question of patent validity is one of law. *Graham* v. *John Deere Co.*, 383 U.S. 1, 17 (1966); *A. & P. Tea Co.* v. *Supermarket Corp.*, 340 U.S. 147, 155 (1950). Over the years standards of invention have been established which must be met before a patent may be properly issued. Based on its understanding of the law, as charged, the jury in the instant case found that the facts established that defendant's patent was properly issued. However, it is our belief that the jury's finding of patent validity is inconsistent with the established standards of invention. It is in such cases that it is appropriate to grant a judgment notwithstanding the verdict. *Bentley* v. *Sunset House Dist. Corp.*, 359 F.2d 140 (9th Cir. 1966); *Zilk* v. *Deaton Fountain Serv.*, 257 F.Supp. 458 (N.D. Cal. 1966); see *Packwood* v. *Briggs & Stratton Corp.*, 195 F.2d

971 (3rd Cir.), *cert. denied,* 344 U.S. 844 (1952). Thus we feel compelled to exercise the responsibility delegated to us by Rule 50 of the Federal Rules of Civil Procedure and to hold as a matter of law that Patent No. 2,740,739 is invalid for failure to meet the test of non-obviousness.

The statutory requirement of non-obviousness is set forth in 35 U.S.C. § 103, which provides:

> *"Conditions for patentability; non-obvious subject matter*
>
> "A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made."

The statutory requirement was given extensive treatment in the recent case of *Graham* v. *John Deere Co.*, 383 U.S. 1 (1966), where it was interpreted in light of the constitutional command that the patent system must "promote the Progress of . . . useful Arts." The Court concluded that section 103 was merely a codification of a condition of patentability which had judicially evolved over the years. Although the Court clearly held that the statutory formulation did not change the strictness of the standards of obviousness, it did conclude that the inquiry should be "beamed with greater intensity." 383 U.S. at 19.

The test of non-obviousness involves a three-fold inquiry: (1) the scope and contents of the prior art at the time of the claimed invention must be ascertained; (2) the differences between the subject matter of the claimed invention and the prior art must be defined; and (3) it must be determined whether the differences defined would

have been obvious at the time of the claimed invention to a person having ordinary skill in the art to which the subject matter pertains.

1. THE PRIOR ART

B. F. Goodrich Prior Art

B. F. Goodrich's early experience in combining sponge rubber and fabric was in the production of the insole material for shoes. In the middle 1930's Goodrich started to produce a variety of carpet underlay products and still manufactures such products. Samples of some of the products manufactured in the 1940's were introduced into evidence as P-5, P-6, P-7, P-8, P-9, and P-12. For the most part these flat sponge rubber products with fabric backing were produced by passing a layer of uncured sponge rubber with a fabric on top of it through heated stationary platens as shown in P-1, a diagram of the sheeting machine. When the uncured rubber sheet was heated the blowing agents in the rubber caused it to expand and push the fabric against the top platen. The blowing continued in this confined space and as a result of the blowing and the pressure, the sponge rubber passed into or through the interstices of the fabric. It thus formed a bond with the fabric without the use of adhesives. (Tr. 278-79.) The types of backings used varied in closeness of weave and also in composition of fabric, but blow-through was experienced with cottonette, burlap, and duck.

During the period 1949-1952 various experiments concerning adjusting the composition of the sponge rubber were conducted. See P-123, P-124, P-125, P-127, P-128, P-129. In these experiments the amount and type of accelerators and the amount of sulphur were changed. Goodrich had known since the early 1930's that it could vary its product by varying its composition. (Tr. 371.)

Mr. Lester Pannone, who was employed by B. F. Goodrich for 43 years and did much work with sponge

rubber, testified that he first saw a waffled sponge rubber product in 1947 (the U. S. Rubber product, P-98), and shortly thereafter was able to reproduce it in his laboratory. Various experimentations on waffled sponge were continued throughout 1948 and it was first commercially sold by B. F. Goodrich in 1949.

This commercial waffled sponge product, P-21, had no fabric or other backing. Complaints were received because it was found that the product would stretch and tear when a carpet was dragged across it. To strengthen the product and decrease the friction, a paper backing was put on the product in 1950 or 1951. This product was not entirely satisfactory either, because there was a rustle as people would walk on it.

In 1951 experimentation with a fabric backing was conducted and it is claimed that a successful product was produced, as reflected in document P-28. Pannone testified that adherence was achieved in the product by the rubber being blown through the interstices of the fabric and that he observed a mushrooming of the projections (Tr. 345-46). According to Pannone, the problem was one of limiting the blow-through rather than achieving it (Tr. 456).

The laboratory worksheet accompanying the experimentation with adhering a fabric backing to the waffled sheet, P-28, states that, "Waffle with cottonette 1 or 2 sides can be made—extra cost not justified at present." In fact, such a product was not commercially marketed by B. F. Goodrich until 1954 and was not really perfected until 1955 or 1956 when latex was added to the backing and some of the blow-through was eliminated, see P-30 and P-31.

U. S. Rubber Prior Art

U. S. Rubber first combined fabric and sponge rubber in the early 1930's for use as a shoe insole material, both with and without the use of adhesives. In the late 1930's

they produced a carpet underlay which was composed of an embossed rubber sheet with a cemented fabric backing. See P-91 and P-62.

After the war U. S. Rubber expanded its carpet underlay line and produced several flat sponge rubber products with burlap backings, P-93 and P-94. These products and others, *e.g.*, P-59 P-60, were made in a double platen press, see P-102, and adherence was achieved without adhesives by having the sponge rubber blow and force the fabric against the top platen. Blow-through was observed and the testimony is that it was usual for the pressure of the blowing agents to force sponge rubber through the backing except for backings which had no openings (Tr. 655). Adherence was also attributed to the natural tackiness of the raw sponge rubber.

The testimony is that the end-result product could be varied by changing the chemical composition of the sponge rubber. This, in turn, would affect the amount of blowing of the rubber (Tr. 651). The importance of changing the composition of the sponge rubber was known at U. S. Rubber prior to World War II (Tr. 629).

U. S. Rubber first experimented with a waffled sponge in 1945 and 1946 and started to commercially produce waffled sponge with a fabric backing in 1948. This product, P-50 or P-98, was made in two steps first by curing, blowing, and shaping the sponge rubber and then by laying a latex (cement) coated fabric on top of the cured rubber and placing the two on a drying drum. (Tr. 584.)

The testimony is that prior to 1950, U. S. Rubber also produced a waffled sponge rubber with fabric backing without the use of adhesives. This was done in three different ways: (1) by calendering the rubber and sponge together; (2) by roll-pressing the fabric onto the sponge; or (3) by laying the fabric on the rubber. The product was then put into the platen press where it was blown and cured. The relation between fabric and rubber in

the finished product was that a rubber had been pushed into and in some cases through the interstices of the fabric. (Tr. 590.) U. S. Rubber did not commercially produce a waffled sponge with a mesh fabric backing secured without use of adhesive or calendering prior to 1954 (Tr. 590), although some of the evidence indicates that they were actively seeking such a product, D-EEE.

National Sponge Prior Art

At the time that Mr. Bodle joined National Sponge in the spring of 1952, National Sponge was already commercially producing and selling a waffled sponge rubber carpet underlay with a mesh fabric backing, P-121. Bonding of the fabric to the waffled sponge was achieved in that product by use of an adhesive.

Mr. Harwin, the president of National Sponge and a listed co-inventor of the patent in suit, described how the early product, P-121, was manufactured. The machine used to produce that product was similar to that used in the patent in suit and its main difference was that it had a means of applying an adhesive to the fabric.

Harwin's testimony is that whereas P-121 had the fabric adhered by use of adhesives, adherence was achieved in the product made in accordance with the patent in suit, P-35, by chemical and mechanical blowing of the sponge rubber into and through the interstices of the fabric. (Tr. 953-54). Mr. Harwin did testify, however, that projections were observed in isolated areas of the early product, P-121. (Tr. 919.)

Prior Art Patents Not Cited by the Patent Office

(a) Jean Pennel and Joseph Flipo, "Sponge Rubber Coated Fabric and Method of Manufacturing the Same," No. 2,163,289, issued June 20, 1939. This patent teaches simultaneous blowing (called swelling) and vulcanization by coordinating the time of the vulcanization process with the blowing process through use of accelerators. It also

teaches the adhesion of a fabric and sponge rubber without an adhesive by calendering the fabric into the raw sponge mixture (i.e., rolling the two through a device similar to the wringers of a washing machine), and then heating the combination and allowing it to blow and vulcanize. The method is free blow since the combination is not confined in a mold. The patent also teaches the manufacture of a product in a continuous process.

(b) Thomas Roth and Theodore Hinchcliffe, "Method of Making Floor Coverings, Table Coverings, and the Like," No. 2,217,137, issued October 8, 1940. This patent teaches a method of uniting sponge rubber to a fabric, including mesh fabric, without the use of an intermediate adhesive material. This product is made in a restricted mold by placing an uncured sponge rubber mixture on top of a fabric. The closed mold is subjected to heat and "the internal pressure of the expanding rubber forces the rubber into the pores of the fabric . . . thereby causing an inseparable union of the fabric and the rubber sheet." This product is not made continuously and is not free blown. Dr. Colburn stated that projections would be inevitable in this product.

(c) Edward Seward and William Seward, "Apparatus and Method for Manufacturing Rugs and the Like," No. 2,240,581, issued May 6, 1941. This patent teaches that sponge rubber and woven fabric can be united without an adhesive by vulcanization in an enclosed mold subject to heat. As the rubber is heated it expands and forces the fabric against the upper member of the mold. Dr. Colburn stated that projections through the interstices of the fabric would be formed. This is a non-continuous process.

(d) George Blair and Virgil Bodle, "Carpet Underlay or the Like and Method of Making Same," No. 2,339,142, issued January 11, 1944. This patent teaches that sponge rubber can be calendered into a woven fabric with the rubber being pressed into the interstices of the fabric on one or both sides. The combination is then passed through an oven where it is heated which causes it to blow and vul-

canize resulting in free-blown bulge formations or protuberances through the interstices.

(e) George Blair and Virgil Bodle, "Method of Making Laminated Cushion Material," No. 2,480,316, issued August 30, 1949. Although the patent teaches a method of combining an open-weave fabric and an inexpensive non-cellular stock, it also contemplates the use of sponge rubber. This process involves feeding a sheet of rubber into a circular forming apparatus which heats and molds the rubber into an embossed sheet with opensided hollow ribs. A continuous sheet may be formed and the fabric can either be vulcanized directly to the rubber in the same process or can be adhered separately in a second step by use of an adhesive. The fabric in either case is applied only to the top of the raised embossments (i.e., it straddles the valleys between the adjoining holiow ribs). Although the patent says nothing about blowing or projections, Dr. Colburn stated that the formation of projections through the interstices of the fabric is implicit in the process. These projections in turn would be flattened out by contact with the belt surrounding the circular molding apparatus.

Prior Art Patents Cited by the Patent Office

(a) William Binns, "Method of Making Rubber Cushion Material," No. 2,271,058, issued January 27, 1942. This patent teaches a means of combining latex foam rubber with a fabric by pouring the latex onto a surface which has curved projections and which has fabric conforming thereto. This combination is heated and vulcanizes and coagulates, forming a product with air pockets. The fabric conforming to the air pockets is adhered without a cement and this product can be produced in a continuous process.

(b) George Blair and Virgil Bodle, "Method of Making Sponge Rubber Material," No. 2,325,903, issued August 3, 1943. This patent teaches a method of producing a free-blow, solid, sponge rubber sheet with a raised waf-

fle design. This is done by pre-forming the uncured sponge by use of a calender roller which imparts a design onto the raw rubber. The raw rubber with raised embossments is then fed into a heated atmosphere where it is blown and vulcanized. Since this product is not confined in a mold, it can be made in a continuous process. The patent also states that a fabric backing can be applied to the flat side of the fabric by use of an adhesive.

(c) John Reese, "Skin Graft Receiving Member," No. 2,583,341, issued January 22, 1952. This patent teaches that rubber rivets extending through the interstices of a fabric can be used as a method of mechanically uniting the fabric to the sponge rubber sheet. A portion of the rubber is forced into the interstices of the fabric by calendering them together, and, thus, the rivets are integral with the rubber sheets. The calendered sheet is then vulcanized.

(d) Sterling Alderfer, "Fabric Coated Sponge Rubber and Method of Making Same," No. 2,648,619, issued August 11, 1953. This patent teaches the adhesion of rubber to a fabric without the use of an adhesive by causing the rubber to be embedded in the interstices of the fabric. The specifications talk in terms of a foamed latex rubber but it is also stated that sponge rubber can be used.

2. THE ADVANCEMENT MADE BY THE PATENT IN SUIT

The advancement made by the patent in suit over the prior art is a method of *attaching a coarse mesh fabric backing to a waffled sponge rubber sheet without the use of an adhesive.* (Tr. 233, 959, 1317.) According to the testimony of the three men who claim to be co-inventors of No. 2,740,739—Messrs. Bodle, Harwin, and Stern—the product was primarily a result of their joint efforts.

Mr. Harwin testified and offered documentary proof which showed that at the time Mr. Bodle joined the staff at National Sponge in April of 1952, National Sponge was already commercially producing P-121, a waffled sponge

rubber carpet underlay with a coarse mesh fabric backing. (Tr. 949, 1471, 1485.)

Mr. Bodle testified that the product covered by the patent in suit, P-35, was developed during the summer of 1952 as a result of an effort to improve the National Sponge waffle underlay P-121. After stating that P-121 was not an acceptable product, Mr. Bodle explained what was wrong with it and how the improvements thereon resulted in the new product claimed by the patent in suit:

> A. [Mr. Bodle] . . . The adhesion of the fabric that they were using was not good enough.
>
> Q. [Mr. Harness] You mean the adhesion of the fabric to the sponge rubber?
>
> A. Yes. The sponge was not even across. It had humps in it and unevenness. I might add that you have to make a product that when you cut it to put it around under your carpet, you can't have different thicknesses, and the product was uneven. The adhesion was bad. It just wasn't a successful and commercial product.
>
> Q. What changes did you make in that material or the method of manufacturing to come up with the product referred to in the patent in suit?
>
> A. Well, jointly three of us, Mr. Harwin and Stern and myself took this problem and started to work on it earnestly and in a way that we would make a product that was acceptable. Because of my previous experience, I knew that a rubber carpet underlay was a wanted product in this country.
>
> Q. What did you do specifically, Mr. Bodle?
>
> A. Well, between the three of us, the first trial that was made after I came with them, the fabric or scrim was being cemented at the far end of this 16-foot press and then the fabric was brought back to the starting end or this righthand side.
>
> Q. You mean brought back here before it got to the oven over on this side?
>
> A. Brought back to the righthand side of the oven and combined with the sponge or laid on the sponge

and as I said before, the product was uneven, bad adhesion, hard spots, and it was just not an acceptable product so—

Q. Yes, but what—excuse me. Go ahead.

A. So we went to work on the adjustments of the machine.

Q. Let's take the adjustments of the machine. Specifically tell me what adjustments did you make in the old machine to make the products shown in the '739 patent in suit?

A. We changed the method of raising and lowering the oven.

Q. You mean raising and lowering this top platen?

A. The top and the bottom, that is the separation of those two heated chambers.

Q. What did you change them from, what to what?

A. As I recall, they had jacks, similar to an automobile jack, and we put screw adjustments, bolts, so to speak, so they could be worked with a wrench. We changed the heating so that we could vary the heat.

Q. By varying the heat you mean the heat along the length of this oven press?

A. Yes.

Q. How did you make that change? What did you do to be able to vary the heat where you couldn't before?

A. Put in heating, we lengthened the press and put in some extensions on the front and the back in order to get to vary the heat because the 16-foot press was not made so that you could change the heat. It was all one cavity, so we put steam chamber in the front and the back, as I recall now so that we could change the heat, and then we started, and we eliminated the cement from the fabric, and we changed the design or the kind of fabric that they were using or that they had when I came with them.

Q. What did you change, from what kind of fabric to what kind to make the successful product?

A. Well, we were using, they were using a, I call it sleazy, limp fabric that was, I don't see any—

Q. Something like cheesecloth, limp like cheesecloth?

A. Yes, in a measure, yes, and we changed it to a square woven fabric. . . .

Q. . . . On this new fabric, the square woven fabric which you said you changed to to get the successful product referred to in your patent in suit, was that fabric, when you got it from the fabric manufacturer, coated with a latex rubber?

A. I was told after I got acquainted with the manufacturers of this fabric, which happened to be the Fulton Bag Company in Atlanta, Georgia, I was told, or while we were working perfecting a fabric, that they were using some of this liquid rubber latex in the sizing, in the sizing in fabric. Almost all fabric, your dresses and suits and mine, has a stiffening agent, has something in it to give it a hand.

Q. Starch is a typical sizing, isn't it?

A. Starch.

Q. Yes.

A. And they were using some latex in their starch to make their starch work better.

Q. Well, they were using—the answer to my question is there was, to the best of your knowledge, liquid latex, rubber latex applied to the fabric by the fabric manufacturer, is that correct?

A. That's right.

Q. All right. So now you have said the changes you made were you eliminated the use of jacks on the oven, these big heavy cast iron oven jacks and put in a screw arrangement so you could adjust the spacing between. That was one change. I believe you said another change. I believe you said another change that you made was you arranged the oven so you could vary the steam pressure in the different parts of the oven?

A. That is right.

Q. Then you changed the fabric from a limp fabric to a stiffer square woven fabric, and you eliminated the putting of the fabric through a cement bath?

A. That is right. . . .

Q. What was it, Mr. Bodle, that enabled you with this new product, which you say you developed in 1952, to eliminate the need for the cement on the fabric which had been in the earlier National Sponge product?

A. My experience, other than the mechanical changes that the three of us worked out, my previous experience in those 30-some years before was to use certain amounts of sulfur and accelerator, that is the things that makes rubber cure, vulcanize, and I conceived the idea of using a greater amount to get vulcanization and sponging in a better method and to get the sponge to blow up and through and into, and sometimes through the interstices of the fabric. And so I used a greater amount of accelerator and sulfur than any experience that I had or knew anything about.

Q. So it was the increase in the amount of sulfur and accelerator in the new compound which enabled you to adhere the fabric to the rubber without passing the fabric through a cement, is that correct?

A. It is correct, together with other techniques of compounding that I can't recall right now.

Q. You don't recall the other techniques?

A. Softening the rubber probably had something to do with it, the processing of it.

Q. What do you mean by the processing of it?

A. Natural rubber that comes out of the tree is a hard, horny mass. I mean it comes out of the tree a liquid, about like maple syrup. It is just like the syrup comes out of a maple tree. And it contains about 40 to 45% water and that water is evaporated off, where the rubber is raised, and most of the rubber is raised in the Far East, near the equator, where the fighting is now going on. And when we get the rubber in bales, I am talking about natural rubber

from the rubber tree, when we get the rubber it is a horny, hard mass and it requires processing, it requires squeezing, it requires what we call masticating to get it into a dough and to a shape so that you can make this noodle that I was talking about.

And so we changed the compound of the rubber, softened it, together with putting ingredients in it to make it sponge up and through the fabric.

As a result of the above-described changes in the machinery, fabric, and rubber compound, National Sponge was able to produce a product without the use of an adhesive to bond the waffled sponge rubber to the fabric backing. Instead, bonding was achieved by having the sponge rubber blow into and in some cases through the interstices of the fabric. The portion of the rubber extending through the fabric was flattened out forming a rivet or mushroom head and effecting a key-locking engagement. Thus, National Sponge was able to produce its carpet underlay P-35 in a one-step process. In that process, not only is the waffle design imparted to the sponge rubber, but, in addition, the chemical reaction resulting in the simultaneous blowing and vulcanization of the sponge rubber is utilized to effect a bonding of the fabric backing to the waffled sponge rubber.

The process has enabled National Sponge to reduce its production costs and the resulting product has met with much commercial success.

3. OBVIOUSNESS OF THE ADVANCEMENT OVER THE PRIOR ART

The prior art reveals that at the time of the invention in suit there was nothing new about a carpet underlay product composed of a waffled sponge rubber sheet with an attached woven mesh fabric. U. S. Rubber was producing such a product, P-98, as was National Sponge, P-121. However, in those products attachment of the fabric to the sponge rubber was achieved by means of an adhesive.

At the time of the invention in issue, it was common practice to adhere fabric backings to *flat* sponge rubber sheets without the use of adhesive. In some of these flat products adherence was accomplished by calendering the rubber and the fabric together and thus embedding the fabric into the uncured rubber. See Pennel, No. 2,163,289, P-6, P-9, P-93. In our view, the nature of bonding achieved by forcing the fabric into the sponge rubber is not greatly different from having the rubber force itself into the fabric. Although there was some blow-through in these products, it is difficult to separate the effects of the blow-through from the effects of the calendering because blow-through was restricted by the top platen of the machine. However, where such products are allowed to free blow, the combined effect of calendering and the blowing can be seen. See Blair No. 2,339,142.

Adherence between sponge rubber and fabric has also been achieved without adhesives in flat products without calendering. This is done by having the rubber blow under pressure into the interstices of the fabric, while the fabric and the rubber are restricted in a confined mold. See Seward, No. 2,240,581; Roth No. 2,217,137. Other methods have also been used to force the rubber into the interstices of the fabric and thus accomplish bonding without calendering and without the use of an adhesive. See Alderfer, No. 2,648,619.

At the time of the invention in suit not only was it known that bonding between a fabric and a flat rubber could be achieved without adhesives by having the rubber extend into the interstices of the fabric but it was also known that bonding could be achieved by having the rubber extend into *and through* the interstices—forming rivet-like projections very similar to the key-locking principle claimed by the patent in suit. See Reese, No. 2,583,341.

In addition to these flat sponge rubber products, it was also known in the prior art that a woven fabric could be vulcanized to a corrugated rubber sheet. See Blair, No. 2,480,316. Although no mention is made in the patent of

projections coming through the interstices of the fabric, plaintiffs' expert, Dr. Colburn, testified that the sponge rubber would blow through the interstices of the fabric and be flattened out by the outside belt (Tr. 1147-48) and that projection would be implicit (Tr. 1311). In addition, the waffled product referred to in B. F. Goodrich laboratory worksheet, P-28, is claimed to be adhered to a fabric backing by rubber being blown through the interstices of the fabric.

If the expert testimony relating to Blair, No. 2,480,316, and the recollection of the Goodrich people concerning the product are correct, it can be strongly argued that the patent in suit had been completely anticipated. However, we do not rely on this evidence as establishing anticipation. Nor do we, in our view of the case, find it necessary to rely on this evidence as part of the prior art against which the advancement made by the patent in suit must be evaluated.

A review of the relevant prior art leads us to the conclusion that the means employed by the patent in suit to adhere the fabric backing to the *waffled* sponge is essentially the same as had been used to adhere fabric to *flat* sponge. The question thus presented is whether the difference between the problems encountered when using a waffled sponge and those presented in the use of flat sponge is so great that the invention in issue would not have been obvious to one having ordinary skill in the art.

There is testimony to the effect that a waffled sponge rubber product could not be calendered to a fabric because this would interfere with the formation of the bulges (Tr. 257). However, much of the prior art did not require calendering.

Mr. Pannone testified on cross examination that the problems of adhering fabric to waffled sponge are different from those involved in adhering it to flat sponge (Tr. 384). However, on redirect Pannone testified that the method of applying fabric to sponge rubber, flat or waffled, is the same. (Tr. 457-60.)

Dr. Colburn, plaintiffs' expert, testified that the only difference between obtaining a bond using waffled sponge rubber and an open weave fabric as compared with flat sponge rubber, is that the area of contact between the fabric and the waffled sponge would be less than in the case of flat sponge. But, in the area where there is contact, he stated that the fabric and the rubber would behave the same way for both the flat and the waffled sponge rubber. (Tr. 1174, 1178-79.) Dr. Colburn based his conclusion on an experiment which he conducted in which he produced flat and waffled sponge rubber simultaneously in the same operation. P-269 and P-270. (Tr. 1174-78.)

The evidence convinces us that the problems of adhering a fabric to a waffled sponge are not significantly different from those which had been experienced in the use of flat sponge. Thus, it is our conclusion that the advancement made by the patent in suit over the prior art would have been obvious to a person of ordinary skill in the art. Consequently we hold that the four claims of Patent No. 2,740,739 are invalid as a matter of law.

While it is true that defendant has presented evidence on such secondary considerations as commercial success, unsolved need, failure of others, and licensing agreements which are relevant indicia of non-obviousness, see *Graham* v. *John Deere Co., supra* at 17-18, these factors cannot establish invention where obviousness is otherwise clear. *Walker* v. *General Motors Corp.*, 362 F.2d 56, 60 (9th Cir. 1966) and cases cited therein.

The above disposition makes it unnecessary for us to pass on the other issues raised on this motion. A form of order is to be submitted.

Dated: July 11, 1967

APPENDIX E

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

National Sponge Cushion Co., Inc., a corporation, *Appellant*, vs. Rubber Corporation of California, *Appellee*.	No. 16,562 Feb. 8, 1961

Appeal from the United States District Court for the Southern District of California, Central Division.

Before STEPHENS, POPE and JERTBERG, *Circuit Judges*.

POPE, *Circuit Judge*.

The appellant, owner of Harwin Patent No. 2,740,739, for Carpet Underlay, brought this action against the appellee charging infringement of its patent and seeking damages therefor. After issued joined, the case was tried to a jury which returned a verdict for the plaintiff. Thereafter the court granted defendant's motion for judgment notwithstanding the verdict under Rule 50(b) of Federal Rules of Civil Procedure, and entered judgment accordingly for the defendant.

The action of the court was based upon the findings of the trial judge that the claimed patent lacked novelty because of anticipation of its claims by developments in the prior art. By this appeal the plaintiff challenges the propriety of the court's rejection of the contrary finding of the jury and its own finding of anticipation.

Plaintiff's patent relates to a type of product which is used to underlay, anchor and cushion floor carpets. In this general area of product, such carpet underlays are useful in cushioning the carpet and making it more resilient. For this reason the main constituent of the under-

lay is made of rubber, usually foam rubber, because of its cushioning effect. The rubber serves to anchor the carpet and prevent slipping along the floor.

Such devices are usually completed by attaching to the upper surface of the rubber pad which lies next to the floor a fabric material sealed or bonded in some manner to the rubber pad. Prior to plaintiff's product, this was done by using a cement to join the fabric to the rubber. This fabric serves two purposes: It furnishes a fairly flat surface on which the carpet may lie and it holds firmly in place the rubber pad to which it is affixed preventing it from spreading by lengthening or widening as a result of use, as it might otherwise do. Some of these carpet underlays are made of foam rubber formed in corrugations so as to facilitate air reaching all parts of the pad and thus aiding in retention of its resiliency. When the rubber pad is formed in that manner the anti-spreading action of the attached fabric is particularly useful as a corrugated rubber pad is more likely to spread apart than would be the case with a solid rubber one.

Plaintiff's claimed invention, as the stated claims disclose, relates solely to the manner in which the fabric portion of the underlay is attached and fastened to the rubber which lies beneath it. The patented structure discloses that the coarse fabric, with interstices approximately one-sixteenth of an inch square, has been bonded to the rubber through the fact that the rubber has been caused to penetrate the interstices of the fabric so that after passing through such openings the penetrated rubber has spread out and formed protrusions with knob-like heads larger than the interstices. The result is a key-locked connection between the fabrics and the sponge rubber which has been accomplished without the use of any adhesive.

In further explanation of the structure, the specifications state that this key-locking mode of attachment of the fabric to the rubber pad with its waffle-like corrugations is accomplished by heating and blowing the sheet

of sponge rubber into a corrugated mold whereby the rubber is held in intimate contact with the fabric so that in blowing or expanding, the rubber is forced to enter the interstices of the fabric and swell around adjacent threads of the fabric and form the headed knob-like projections that are somewhat larger in size than the areas of the fabric interstices. The claims as stated appear in the margin.[1]

In this case, as in many other cases where a claimed invention is attacked on the ground that the claims of patented devices were anticipated by earlier patents, the decision as to validity may turn upon a question of fact. *Leishman v. General Motors Corp.*, 9 cir., 191 F. 2d 522, 529. (See other cases cited in *Bergman* v. *Aluminum Lock Shingle Corp. of America,* 251 F. 2d 801, 809-813, concurring opinion.) Our first inquiry necessarily is: what was the prior art as disclosed by the prior patents which

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[1] "1. A carpet underlay comprising a coarse-mesh fabric, and a sponge rubber facing on one side of said fabric and formed with bulges that are spaced from the fabric, said facing between the bulges, being in contact with the fabric and having a multiplicity of projections formed and forced by pressure from a blowing agent and extending into and through the interstices of the fabric.

"2. A carpet underlay according to claim 1: the portions of said projections that extend through the interstices of the fabric being larger than said interstices to effect a key-locking engagement of the fabric and the sponge rubber.

"3. A carpet underlay comprising a coarse-mesh fabric, a sponge rubber facing on one side of said fabric and formed with bulges that are spaced from the fabric, said facing, between the bulges, being in contact with the fabric, a multiplicity of integral projections on the bulges and extending through the interstices of the fabric to bond the bulges of the facing and the fabric, the latter being generally flat.

"4. In a carpet underlay according to claim 3: the projections being disposed along space parallel lines that are on a bias relative to the weave of the fabric."

were part of the record in this case? The question is whether insofar as this factor entered into the verdict of the jury, the evidence of anticipation was so overwhelming and compelling that it can be said that as a matter of law there was a total failure of proof of the essential novelty to sustain the plaintiff's case so that the district court was justified in granting judgment notwithstanding the verdict.

The Judge's conclusion, as disclosed by his memorandum of decision, was based upon his views of two prior patents, Blair and Bodle, No. 2,480,316, and Coyte, No. 562,-281. This he stated in the memorandum as follows: "The Patent in suit does not disclose invention in the light of the teaching of Blair and Bodle United States Letters Patent No. 2,480,316, particularly in view of Coyte, United States Letters Patent No. 562,281." So far as those two patents are concerned, we have no difficulty in arriving at a conclusion that neither one of them was of such character as to establish anticipation. As we have said, the novelty claimed for the patent here in suit relates to the manner of key-locking or bonding the woven fabric to the rubber pad; the Blair and Bodle patent was a process patent stated to be for a method of making laminated cushion material. That patent described a product made of a sheet or lamination of rubber which might be shaped or formed into corrugations or hollow ribs which had applied to it a backing sheet of material such as burlap to reinforce the rubber material. However, the method of attachment of the backing sheet is there described as follows: "The backing sheet 12 touches and is secured to the peaks or tops of the embossments or corrugations at one side of the rubber sheet as by a layer or coating 13 of cement, rubber or the like, or by being vulcanized directly thereto."[2]

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[2] Appellee suggests that since this patent contemplated the use of blowable cellular or sponge rubber, that the blowable sponge rubber would project into and through the open mesh fabric thereafter widening and forming the

Another prior patent relied on by the trial court as an anticipation has even less resemblance to the claimed patentable feature of the patent here in suit. Claims 1 and 2 of the plaintiff's patent described a project which has rubber "formed and forced by pressure from a blowing agent and extending *into and through* the interstices of the fabric." (Emphasis added.) The portions of the projections that extend through the interstices of the fabric are described as "being larger than said interstices to effect a key-locking engagement of the fabric and sponge rubber." Coyte contains nothing which remotely resembles this.

The Coyte process is for the purpose of making gutta-percha cloth. The process involves the passing of a sheet of gutta-percha with a cloth or fabric laid upon it between heated rolls, firmly pressed together, so that portions of the gutta-percha sheet will "project into the meshes of the fabric" and "cause the gutta-percha to be held to the fabric."

It would appear to be obvious that this process could not possibly cause the gutta-percha to extend "through" the interstices of the fabric or to accomplish an attachment by a key-locking process.

If all that this record contained with respect to anticipation of the patent in suit were the two patents we have

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[2] (Continued)
key-lock referred to in plaintiff's claims. There is no evidence to support such a contention, and nothing in the Blair-Bodle patent to suggest that any such thing was contemplated. On the contrary, the patent suggests quite the opposite. It states that the heated rubber "is soft enough so that it will gravitate into the channels of the shaping drum." It suggests that a suction pull may be added to that of gravity. The quoted description refers to a pull by gravity or suction precisely opposite to that which is described in plaintiff's patent. This gravitating into the channels of the shaping drum is a process to form the waffle-like ridges or projections, the push or pull being away from and not toward the fabric.

just discussed, namely, Blair and Bodle, and Coyte, it would be hard to say that there was sufficient evidence even to permit a submission of that question to a jury. With that alone in the record it could well be said that no valid challenge of the novelty of plaintiff's device had been presented. But there is in the record another patent not alluded to by the court in its findings or opinion which in our view does present a question of fact with respect to anticipation, although a question which we think it was proper for the jury to decide.

That patent is Alderfer No. 2,648,619. It discloses an undertaking by the inventor to produce a very different product having very different qualities than that contemplated by the patent in suit. That patent was for what was called a "fabric coated sponge rubber and method of making same." The indicated objectives related solely to the procuring of desirable surfaces both on the rubber and on the fabric. The patent undertook to disclose a novel product where the "outer surface of the foam rubber is smooth, planished and porous having uniformly distributed microscopic pores." For the fabric side of the product the object was to see to it that "the fabric be a knitted textile fabric, rather than woven, to increase the softness and enhance the appearance of the fabric side of the product." As illustrations of the use of the product the inventor stated "automobile seat coverings foam rubber backed with finely knitted fabric presents a softer texture and a more pleasing appearance than can be obtained with a woven textile fabric. Also, foam rubber backed with knitted textile fabric such as tricot is desired in making certain products such as brassieres, because of the soft sheen and delicate appearance of the fabric."

For his means of accomplishing these surface objectives the inventor introduced between the layer of the sponge rubber and the knitted fabric "an intermediate layer of square mesh fabric which was substantially non-elastic." To put this product together he spread freshly foamed latex upon a smooth surface which traveled in

one direction under a doctor roll or doctor bar which was adjusted to give the latex the desired depth or thickness. The two fabrics, the woven and the knitted, were then carried under the doctor bar so that the open mesh woven fabric was in direct contact with the top surface of the reduced layer of foam latex and the knitted fabric was introduced on top of the woven fabric. The specification stated that by this process "the foamed latex will pass or 'strike' through the open meshes (of the woven fabric) into contact with the inner surface of the knitted fabric layer which also absorbs some of the water in the latex to cause the latex to firmly embed itself in the interstices of the knitted fabric and become securely anchored to the fabric layer."

Plainly enough this discloses a product and a process where foam latex passed through a woven fabric and embedded itself in the interstices of the knitted fabric. It appears to us that the passing of heated sponge rubber through a woven fabric does not in itself anticipate a key locking device such as that of the patent in suit. In Alderfer the passing of the latex through the interstices is described, but it simply passes through and into interstices of knit fabric which is shown in the Alderfer drawings as being of substantial thickness as in all knit fabrics. There is no suggestion whatever of a bonding by key-lock as in the patent before us.[3]

In describing his product the inventor of plaintiff's device set forth how the key locking knobs were formed. When the uncured sponge rubber sheet comes from the rubber mill it is placed on a traveling mold and the net fabric is placed thereover. A web is placed over the fabric

[3] Nothing in Alderfer suggests that the inventor intended or appreciated any key-locking development from the passage of the latex through the woven fabric. "It is well settled that prior accidental production of the same thing, where character and function are not recognized, does not anticipate." *McKee* v. *Graton & Knight Co.*, 4 Cir., 87 F. 2d 262, 264, and cases there cited. Walker on Patents, Deller's Edition, §57.

and another beneath the mold. This five-ply assembly is then moved slowly between heated platens, fixedly spaced without pressure. The heat causes the sponge rubber sheet to expand and since the rubber is held in intimate contact with the fabric, the expansion forces the rubber to enter the interstices and "swell around adjacent threads of said fabric to form headed knob-like projections that are somewhat larger in size than the areas of the fabric interstices."

We are of the opinion that on the evidence here the jury were justified in finding as a fact that the product thus produced had a novelty not anticipated by anything shown in Alderfer. Its verdict should not have been set aside.

One thing that confirms us in this view is that the portion of the patent office file received in evidence discloses that Alderfer was cited in connection with the application for plaintiff's patent and that this problem of anticipation by Alderfer was considered and a resolution of the matter arrived at only after considerable controversy and an amendment of the claims originally presented.[4]

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[4] An original claim "6" was rejected, it being stated by the Examiner "In Alderfer the fabric 16 is considered to have the interstices through which the rubber extends and fastens itself as claimed." Claim 6 to which this referred read as follows: "In a carpet underlay comprising a coarse-mesh fabric and a sponge rubber facing thereon, a multiplicity of headed projections integral with the facing and extending from the facing through the interstices of the fabric with the heads thereof on the side of the fabric opposite to the facing." This claim was then amended to read as in Claim 3 of the patent, (footnote 1, supra).

It will be noted that in the amended claim the product is described not merely as one involving projections through the fabric, but with one having "projections on the bulges" and extending through the interstices "to bond the bulges of the facing and the fabric". So amended the claim No. 3 was allowed.

As noted in *S. H. Kress & Co.* v. *Aghnides,* 4 cir., 246 F. 2d 718, the usual presumption of validity of a patent (*Mumm* v. *Decker & Sons,* 301 U.S. 168, *Patterson-Ballagh Corp.* v. *Moss,* 9 cir., 201 F. 2d 403, 406), may be strengthened by the history of the patent in the patent office, particularly when it has been granted only after considerable controversy.

This brings us to the question whether the new improvement disclosed in the patent in suit measures up to the established standards for invention. This is a question of law, *Bergman* v. *Aluminum Lock Shingle Corp. of America, supra,* which requires a discussion of whether the device here shown required more ingenuity than the work of a mechanic skilled in the art. *Cuno Corp.* v. *Automatic Devices Corp.,* 314 U.S. 84, 90; *Leishman* v. *General Motors Corp.,* 9 cir., 191 F. 2d 522, 530; 35 U.S.C. §103.

The record here shows that leading up to the development of the product here in question was a long period of study, effort and experiment in an attempt to produce a practical means of attaching fabric to sponge rubber without the use of cement, which was the previously accepted method of attachment. The cementing process added approximately 10% to the cost of such a product. The device had commercial success; beginning with gross sales of $550,000 in 1951 they increased in three years to $2,370,000. All of these things, though not controlling, are indicia of actual invention and properly considered in determining that question. It is of no significance that "viewed after the event, the means . . . adopted seem simple and such as should have been obvious to those who worked in the field, but this is not enough to negative invention." *Goodyear Co.* v. *Ray-O-Vac. Co.,* 321 U.S. 275, 279. "Now that it has succeeded, it may seem very plain to any one that he could have done it as well. This is often the case with inventions of the greatest merit." *Carnegie Steel Co.* v. *Cambria Iron Co.,* 185 U.S. 403, 446. See *Patterson-Ballach Corp.* v. *Moss, supra.*

It is inferable from the facts in this case, including the rapid success which the new product found in the market, that this development for the first time, of a key-lock bond system for attaching the rubber to the fabric, was not only highly useful and a significant improvement over former products which utilized cement for attachment, but that it measured up to the established standards required for invention.

The trial court, without dealing in any specific manner with the question of the development of a key-locking engagement between the fabric and sponge rubber so as to bond the same, complained that plaintiff's evidence too much emphasized the method and apparatus used in the construction of the project. It is true that the specifications include a description of the manner and process of making and using the invention; but the precise structure of the patent is also described with clarity and the drawings referred to in the specifications, particularly Figures 2 and 3, adequately disclose the nature of the claims. The addition to the specifications of a description of the manner in which the carpet underlay described may be made, merely adds to the other description but in no manner invalidates the patent.[5] Furthermore, the claims adequately and sufficiently covered and described the improvement regarded as the invention.[6]

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[5] *Trussell Mfg. Co.* v. *Wilson-Jones Co.*, 2d cir., 50 F. 2d 1027, 1029: "But, if the article is new, it may be patented, and the claim will not be invalidated merely because it describes the article with some reference to the method of producing it." See 35 U.S.C. § 112.

[6] In *Winslow Engineering Co.* v. *Smith*, 223 F. 2d 438, this court, following *Graver Tank & Mfg. Co.* v. *Linde Air Products Co.*, 336 U.S. 271, although it found invention, held a patent invalid for insufficiency of the statements in the claims and that the deficiency could not be supplied by reference to the specifications. A similar point has not been raised in this case; but it is plain that the claims here are stated adequately to meet the requirements in the *Graver Tank* case, *supra*. Apparently in *Bergman* v. *Aluminum Lock*, *supra*, this court overlooked the rule of the *Graver* case and its own decision in the *Winslow* case.

We hold that the patent was valid.

With respect to the question of infringement, little need be said. A mere examination of the exhibits disclosing the patented article produced pursuant to plaintiff's patent and the accused device adequately demonstrates the claimed infringement. In setting aside the verdict the court below did not purport to find any fault with the jury's finding of infringement. It would be impossible to do so.

The judgment is reversed and the cause is remanded for further proceedings not inconsistent with this opinion.

(Endorsed) Opinion Filed Feb. 8, 1961.

Frank H. Schmid, Clerk.

APPENDIX F

Excerpts from Instructions to Jury

1-1776* * * *

1777 The Court: Ladies and gentlemen, as you well know, this is a lawsuit between the plaintiffs, Allen Industries, Inc. and Colonial Rubber Works, Inc., a wholly-owned subsidiary of Allen, and the defendant-counterclaimant, National Sponge Cushion Co., Inc.

* * *

1778-1786 * * *

1787 * * * The plaintiffs, Allen and Colonial, seek a declaration or finding by you that the patent in suit is an invalid patent, and they cite the following reasons:

* * *

Again, that the subject matter of the patent claims would have been obvious to artisans in the carpet underlay industry at the time the patented product was
1788 developed, and that the patented product did not meet the legal requirements to be a patentable invention.

* * *

1789-1793 * * *

1794 * * * Allen and Colonial, plaintiffs, contend that the claimed carpet underlay would have been obvious to a person skilled in the underlay art and who had all the background information available at the time that Messrs. Hamwin, Stern and Bodle made the underlay.

The law provides that a valid patent may not be obtained, even though the invention is not previously known in its identical form, if the only differences between the invention and what was previously known are such that the invention would have been obvious to a person having ordinary skill in the art at that time This rule prevents

---

*Numbers refer to pages of trial transcript.

people from claiming patents on ideas or changes which do not really rise to the dignity of invention.

The law only allows a patent to be granted on improvements or innovations that are not minor and that require more ingenuity and skill than the ordinary person working in that field would be expected to have.

At the outset, it must be pointed out that this ordinary man skilled in the art is a man who is assumed to know all the background material which was available at
1795 that time. The fact that the inventors may not actually have known about some of the exhibits you have seen here is immaterial as far your judging the obviousness of the invention is concerned. You must try to place yourselves in the role of a person skilled in the carpet underlay art in 1952, and decide whether or not it would have been obvious for such a person, who knew of all this background material, to create what the inventors claim is their invention.

If you find that it would have been obvious to such a person, then the patent would have to be held invalid.

In determining whether or not the patent in suit would have been obvious to a person having ordinary skill in the art of making sponge rubber carpet underlay in the year 1952, you should consider the following:

1. The scope and content of the prior art.

2. The difference between the prior art and the claims at issue.

3. The level of ordinary skill in the pertinent art involved in the year 1952 and
against this background the obviousness or non-
1796 obviousness of the subject matter is to be determined by you.

The fact that the invention may seem simple when looking at it after it was worked out, or that it should have been obvious to those who worked in this field, is not enough to show that the invention is not patentable. On the contrary, the invention must not be appraised with

the wisdom of hindsight; nor can it be judged in the abstract; rather, the safest test of the contribution made by the invention and the merit of the invention is its actual effect in the art to which it belongs and its acceptance by the public.

If you believe that the scales are evenly balanced as to whether the carpet underlay of the patent in suit was new and useful, and are evenly balanced as to whether it was obvious to one skilled in the art, at the time the invention was made, then you should find in favor of the patent in suit on these points.

* * *

1797-1821 * * *

1822 * * * The Court: You may retire to reach your verdict in this case. I think you will find very shortly, hopefully, that you will have some lunch in the deliberation room. Do you want to retire?

(The jury left the courtroom at 2 P.M.)

1823 (The following occurred at 5:45 P.M.)

The Court: Here is a billet-doux I received: What is the Judge's charge with relation to the application of prior art to the patent in suit?

* * *

1824-1835 * * *

1836 * * * (The jury entered the courtroom at 6 p.m.)

The Court: Ladies and gentlemen, I have this note from you. The first question is what is the Judge's charge in relation to the application of prior art to the patent in suit. I am going to answer that by reading to you again, giving you again, that which I have given you on prior art, and I will try to go slowly.

* * *

1837 * * *

1838 * * * In determining whether or not the patent in suit would have been obvious to a person having ordinary skill in the art of making sponge rubber carpet underlay in the year 1952, you should consider the following:

1. The scope and content of the prior art.

2. Difference between the prior art and the claims at issue and

3. The level of ordinary skill in the pertinent art involved in the year 1952.

Against this background the obviousness or non-obviousness of the subject matter is to be determined.

Continuing on the prior art charge. Allen contends that the claimed carpet underlay would have been obvious to a person skilled in the underlay art and who had all 1839 the background information available at the time Messrs. Harwin, Stern and Bodle made the underlay.

The law provides that a valid patent may not be obtained, even though the invention is not previously known in its identical form, if the only differences between the invention and what was previously known are such that the invention would have been obvious to a person having ordinary skill in the art at that time. This rule prevents people from claiming patents on ideas or changes which do not really rise to the dignity of invention. The law only allows a patent to be granted on improvements or innovations that are not minor and that require more ingenuity and skill than the ordinary person working in that field would be expected to have.

At the outset, it must be pointed out that this ordinary man skilled in the art is a man who is assumed to know all the background material which was available at that time. The fact that the inventors may not actually have known about some of the exhibits you have seen is immaterial as far as your judging the obviousness of the

invention is concerned. You must try to place your-
1840 selves in the role of a person skilled in the carpet underlay art in 1952, and decide whether or not it would have been obvious for such a person, who knew of all this background material, to create what the inventors claim is their invention. If you find that it would have been obvious to such a person, then the patent must be held invalid.

I continue. The fact that the invention may seem simple when looking at it after it was worked out, or that it should have been obvious to those who worked in this field, is not enough to show that the invention is not patentable. On the contrary, the invention must not be appraised with the wisdom of hindsight; nor can it be judged in the abstract. Rather, the safest test of the contribution made by the invention, and the merit of the patent, is its actual effect in the art to which it belongs and its acceptance by the public.

If you believe that the scales are evenly balanced as to whether the carpet underlay of the patent in suit was new and useful, and are evenly balanced as to whether it was obvious to one skilled in the art, at the time the invention was made, then you should find in favor
1841 of the patent in suit on these points.

* * *

SUBJECT INDEX

	Page
Constitutional Provisions, Statutes and Rules Involved	2
Statement of Case	2
Argument for Denial of Writ	3
(A) There is No Real Conflict of Decisions	3
(B) There was No Denial of a Right to Trial by Jury	8
(C) The Obviousness of Patented Subject matter	10
Conclusion	12
Appendix	1d, 2d

TABLE OF CITATIONS

Cases

Bentley v. Sunset House Distributing Corp., 359 F.2d 140, CA 9 (1966)	9
Brady v. Southern R. Co., 320 US 476 (1943)	9
Chesapeake & Ohio Railway Company v. Martin, 283 US 209, 213-18 (1931)	9
Driven-Well, 122 US 40, 123 US 267, 124 US 694	7
Graham v. Deere Co., 383 US 1 (1966)	3, 9, 10, 11
Hansberry v. Lee, 311 US 32, 40-41, 61 S.Ct. 115, 117, 85 L.Ed. 22 (1940)	7-8
Hazeltine Research, Inc., v. Esmith Radio Corporation, CA 7, 388 F2d 25 (1967)	7

CONSTITUTIONAL PROVISIONS, STATUTES AND RULES INVOLVED

	Page
35 U.S.C. §102 (a), (g)	2, 6, 1d
35 U.S.C. §112	2, 6, 1d
35 U.S.C. §103	5, 6, 10

IN THE

Supreme Court of the United States

OCTOBER TERM, 1968

No. 1,012

NATIONAL SPONGE CUSHION CO., INC.
Petitioner,
v.
ALLEN INDUSTRIES, INC., and
COLONIAL RUBBER WORKS, INC.,
Respondents.

RESPONDENTS' BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

To The Honorable Supreme Court of the United States:

Respondents, Allen Industries, Inc. and Colonial Rubber Works, Inc., oppose the petition for writ of certiorari and respectfully submit the following matters for the Court's consideration.

CONSTITUTIONAL PROVISIONS, STATUTES AND RULES INVOLVED

In addition to the statutes cited in the petition, the following statutes also merit consideration and are included herein as an Appendix. Title 35, United States Code, Section 102(a); Title 35, United States Code, Section 102(g) and Title 35, United States Code, Section 112.

STATEMENT OF CASE

Petitioner's statement of the case is incomplete and, in some respects slanted and argumentative. Respondents, therefore, submit the following statement to further supplement and clarify the statement in the petition.

This is a patent suit involving petitioner's United States Patent 2,740,739, issued April 3, 1956. In essence, the patent relates to a carpet underlay material used for cushioning floor carpeting. The underlay consists of a coarse mesh fabric attached to one face of a chemically blown sponge rubber pad. The alleged novelty resides in the manner in which the fabric is attached by relying on rubber protrusions formed during the blowing of the sponge rubber which extend through the interstices of the fabric and effect a mechanical interlock of the fabric to the pad.

In the action for declaratory relief brought by respondents in the District Court below to have the patent held invalid, the petitioner insisted on a jury trial. A jury of eight men and four women, most without any technical background, heard extended testimony and arguments and were shown numerous physical and documentary exhibits on subjects such as rubber chemistry, carpet underlay manu-

facture and processing equipment, patent claim analysis and prior art products.

At the conclusion of the trial, respondents' motion for a directed verdict was denied and the jury thereafter rendered a verdict holding claim 1 of the patent in suit valid and infringed by some of respondents' products, while other almost identical products were found not to infringe by the jury. Respondents then moved for a judgment notwithstanding the verdict to have the patent declared invalid on a number of different legal grounds. The Trial Court, in granting the motion, relied on the ground that the subject matter of the patent was obvious in view of the prior art as established by the overwhelming, uncontroverted evidence and in strict conformance with the standards announced by this Court in *Graham v. John Deere Co.*, 383 US 1 (1966). The Circuit Court of Appeals below affirmed the decision of the Trial Court, acknowledging its thorough and well-reasoned opinion (3c).*

ARGUMENT FOR DENIAL OF WRIT

(A) There is No Real Conflict of Decisions

The petition should be denied since the matter sought to be reviewed by certiorari is no more than a garden variety patent case which involves matters of private interest and does not present any important Federal questions which have not already been clearly resolved by this Court. The physical exhibit (PX 196)** is illustrative of the carpet underlay products involved in this matter and

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* Respondents have adopted petitioner's abbreviations with regard to references to portions of the various appendices and in addition "(d)" refers to a page of the appendix to this brief.

** Physical exhibits PX 6, 50, 62, 121, 196 and 269 accompanied the petition for writ of certiorari.

claim 1 of the patent in suit, the only claim found by the jury to be infringed by any of respondents' products reads as follows:

> "1. A carpet underlay comprising a coarse-mesh fabric, and a sponge rubber facing on one side of said fabric and formed with bulges that are spaced from the fabric, said facing between the bulges, being in contact with the fabric and having a multiplicity of projections formed and forced by pressure from a blowing agent and extending into and through the interstices of the fabric."

The principal ground asserted by petitioner in favor of review by this Court is the existence of a conflict between decisions of the Ninth and Third Circuits regarding the validity of the patent in suit. In reality this conflict does not exist. In the decision below, the Third Circuit, in holding the patent invalid, correctly followed and applied the standard of invention set down by this Court with respect to the validity of a patent claim relative to the prior art and prior knowledge, most of which was not considered by the Ninth Circuit in its prior decision, 286 F2d 731 (1961), (29c-39c). The grant of the present petition would, therefore, serve no valid purpose other than restating the legal standards of a patentable invention which this Court has heretofore set forth in light of the facts and prior art before the Third Circuit Court of Appeals and not before the Ninth Circuit Court of Appeals.

The absence of any real conflict between the decisions regarding the validity of the patent in suit is clearly substantiated by the wealth of pertinent prior art evidence introduced by respondents and considered by the Court below which is not suggested in the petition as having been introduced and considered in the former Ninth Circuit proceedings. Even thus handicapped, the Ninth Cir-

cuit recognized, based on the fragmentary prior art considered, that the only apparent inventive feature of the carpet underlay resided in the key-locking bond for attaching the fabric to the sponge rubber pad. It is only claim 2 of the patent in suit which recites such an arrangement and the jury found that this claim was not infringed by any of respondents' accused products. The apparent novelty of this feature was clearly negated by the additional prior art evidence considered in the Third Circuit proceedings.

Specifically, the uncontroverted testimony from employees of Goodrich and U. S. Rubber showed that similar products (see physical exhibits PX 50 and 62 and the photographs at 154b, 155b, 158b-161b) comprising a sponge rubber pad and fabric was commercially made more than one year prior to the filing of the application maturing into the patent in suit, in which the fabric was attached to one face of the rubber pad without the use of adhesive by causing the rubber to blow through the interstices of the fabric and mushroom around the fabric threads forming a key-locking bond (14c-17c). The uncontroverted evidence (28c, 134b-137b, 161b, and physical exhibit PX 269) conclusively demonstrated that any differences between these prior art products and products covered by the patent in suit were of no patentable significance. The patent is thus invalid in view of Title 35, United States Code, Section 103. The foregoing similar prior art and testimony relating to the same was not presented in the Ninth Circuit proceedings.

The testimony of the president of petitioner who is listed as co-inventor of the patent in suit, clearly showed that in prior art products manufactured by petitioner, a key-locking bond between the sponge rubber pad and open mesh fabric had been observed even though a sup-

plemental adhesive was being used in the manufacture of such earlier products (17c). Claim 1 of the patent in suit clearly reads on petitioner's own prior art product. This can be seen by comparing claim 1 of the patent in suit (supra page 7) with the physical exhibit of petitioner's prior art product (PX 121) or the photograph of same (163b). The claim is thus invalid in view of Title 35, USC Sections 102a, 102g and 103. The petition does not suggest that similar evidence was considered in the Ninth Circuit proceedings.

Furthermore a number of prior art patents were introduced in evidence in this case which had not been previously cited by the Patent Office in evaluating the patentability of the subject matter of the patent in suit. The teachings of these prior art patents as supplemented by the uncontroverted testimony of expert witnesses, clearly substantiates that the bonding of fabric to sponge rubber by having the rubber enter through the interstices or holes of the fabric was old in the art (17c-19c). All five of these prior art patents were not before the Ninth Circuit Court of Appeals.

In addition to the anticipation of the subject matter of the patent in suit by the prior art cited, uncontroverted testimony (98b-105b) further substantiated the invalidity of the patent under Title 35, United States Code, Section 112, because the description of the invention in the specification did not comply with the statutory requirement (1d-2d). The evidence furthermore supported respondents' contention that claims 1 and 2 of the patent in suit were invalid under the law of double patenting in view of petitioner's earlier issued U.S. Patent 2,703,909, which encompassed the invention covered by claims 1 and 2 of this patent (138b-142b).

The petitioner has injected in the petition (Pg. 4) the existence of prior "consent decrees" in an attempt to distort the magnitude of the conflict beyond that which actually exists. They are of little moment since they were all entered in the Ninth Circuit after the earlier Ninth Circuit decision and prior to the recent Third Circuit decision, did not touch on the validity of the patent in suit and merely comprise settlements dictated by commercial considerations rather than the relative merits of the legal positions of the parties.

It is clear from the foregoing, that the conflict presented is one which arises purely from differences in the factual situations present in the Ninth and Third Circuits. In such different factual situations, this Court has rendered conflicting decisions with respect to the validity of the same patent, *Driven-Well cases,* 122 US 40; 123 US 267; 124 US 694. No useful purposes would, therefore, be served by granting the present petition in view of the different factual situations presented.

The confusing situation injected by the petitioner (Petition, Pg. 8) resulting from the two decisions are based on matters which are either non-existent or would not be resolved by a review of the case by this Court. Petitioner's concern over "false marking" is unfounded. There is no statutory provision that in any way penalizes the owner of a United States patent for marking his product even though all or portions of a patent have been held invalid in one or more Circuits. All licensing arrangements between the petitioner and its licensees are based on private contractual obligations relating to products different than those accused in the Court below. Furthermore a patent infringement suit is an "in personam" matter which is binding only on the parties to that suit and not on any other parties. *Hazeltine Research, Inc. v. Esnith Radio Corporation,* CA 7, 388 F2d 25 (1967), relying on *Hans-*

berry v. Lee, 311 US 32, 40-41, 61 S. Ct. 115, 117, 85 L. Ed. 22 (1940).

(B) There was No Denial of a Right to Trial by Jury

The secondary grounds asserted by petitioner seek this Court to again review and restate the well-established power and duty of a Trial Court to direct a verdict in favor of one party when the overwhelming and uncontroverted evidence dictates such verdict as a matter of law, notwithstanding a contrary conclusion by a jury. The granting of a judgment n.o.v. by the Trial Court and affirmed by the Third Circuit Court of Appeals in the decision below was made only after careful consideration of the voluminous evidence of record and in conformance with the well-established principles announced by this Court. Petitioner, therefore, merely seeks this Court, under the guise of a purported denial of the right to trial by jury, to again review the conclusions of law of both the District Court and the Court of Appeals for the Third Circuit.

Petitioner's implication of bias on the part of the Trial Court against juries, as purportedly supported by excerpts of statements made by the Court, taken out of context, (Petition, Pg. 9-13), is considered unworthy of dignification by lengthy comment. Suffice it to say, the record as considered by the Court of Appeals below clearly supports the Trial Court's painstaking fairness regarding matters of evidence and instructions to the jury. These statements, taken in their proper context, clearly evidence a genuine concern on the part of the Trial Court of the problems faced by a jury in a highly technical patent suit.

The uncontroverted testimony and documentary evidence establishing the existence and contents of the prior art at

the time the alleged invention of the patent in suit was made left no material factual issues for the jury's determination. In *Chesapeake & Ohio Railway Company v. Martin,* 283 US 209, 213-18 (1931), this Court held that the uncontradicted evidence of a witness, when positive and unimpeached by cross-examination or otherwise, and when not inherently improper or of doubtful verity by circumstances reflected on the record, may not be disregarded even though adduced from interested witnesses, and no question of credibility or issue of fact is presented for determination by a jury.

This Court has stated that the ultimate question of patent validity is one of law in *Graham v. John Deere Co.,* 383 US 1 (1966) and if a patent is invalid as a matter of law, the Trial Court has not only the power but the duty to grant a motion for judgment n.o.v. See *Bentley v. Sunset House Distributing Corp.,* 359 F2d 140, CA 9 (1966). In this case there were substantially no disputed relevant facts and the only question was whether upon weighing *all* the evidence there could be only one reasonable conclusion, namely that the patent was invalid. See *Brady v. Southern R. Co.,* 320 US 476 (1943). The mere presence of secondary facts, such as commercial success, does not create a factual conflict and does not alter the absence of any factual issue on the material facts for jury determination.

Respondents submit that the Trial Court's granting of the judgment n.o.v. was entirely proper in view of the absence of any material factual questions for jury determination and, therefore, no denial of petitioner's right to a jury trial is involved.

(C) The Obviousness of the Patented Subject Matter

The petition seeks this Court to again restate the test of "non-obviousness" under 35 U.S.C. 103, (1c), which this Court has so clearly set forth in *Graham v. John Deere Co. (supra)*. The clear unambiguous language of this Court's decision in *Graham* is susceptible to one interpretation, and only one interpretation, that the ultimate question of patentability is one of law, that "non-obviousness" of the subject matter is but one of three conditions (together with novelty and utility) which must be satisfied as a prerequisite of patentability and that the condition of "non-obviousness" lends itself to three basic factual inquiries, namely: (1) the scope and content of the prior art to be determined, (2) differences between the prior art and claims at issue are to be ascertained and (3) the level of ordinary skill in the pertinent art involved.

This Court's language is explicit that against this factual background, the ultimate question of "obviousness or non-obviousness" of the subject matter is determined as a matter of law. In *Graham*, this Court makes mention of further secondary factual considerations, such as commercial success, long-felt but unsolved needs, failure of others, etc., *as being of possible utility* to give light to the circumstances surrounding the origin of the subject matter sought to be patented.

This Court further anticipated that the application of the test announced in *Graham* would not be one devoid of any difficulty and stated (Pg. 18):

> [12] This is not to say, however, that there will not be difficulties in applying the nonobviousness test. What is obvious is not a question upon which there is likely to be uniformity of thought in every given factual context. The difficulties, however, are comparable to those encountered daily by the courts

> in such frames of reference as negligence and scienter, and should be amenable to a case-by-case development. We believe that strict observance of the requirements laid down here will result in that uniformity and definiteness which Congress called for in the 1952 Act.

It is clear that the Trial Court painstakingly and correctly applied the test of *Graham* to the patent in suit. While the Trial Court did not dwell on the third factual inquiry, i.e. level of ordinary skill, the awareness of the Trial Court of this as a factual inquiry under the doctrine of the *Graham* case is clearly evident and referred to throughout the reported decision.

The Trial Court decision refers in detail to the uncontroverted testimony and exhibits of employees of Goodrich and U. S. Rubber (14c-17c) and petitioner's own employees (17c) relative to the skill of persons in the art at the time of and prior to the alleged invention of the patent in suit. This evidence coupled with the teaching of the prior art patents (17c-20c) all established the level of ordinary skill in the carpet underlay art and clearly substantiated the Trial Court's complete consideration of the three factual inquiries of *Graham* and the appropriateness of the Trial Court's holding the patent in suit invalid for lack of nonobviousness as a matter of law.

CONCLUSION

For the foregoing reasons, it is respectfully submitted that the petition in this case raises no special and important questions requiring or justifying review by this Court and that the petition should therefore be denied.

Respectfully submitted,

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February 28, 1969.

APPENDIX

APPENDIX

APPENDIX

STATUTES INVOLVED

35 U.S.C. §102 (a), (g)

§102. Conditions for patentability; novelty and loss of right to patent

A person shall be entitled to a patent unless

(a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for a patent, or

(g) before the applicant's invention thereof the invention was made in this country by another who had not abandoned, suppressed, or concealed it. In determining priority of invention there shall be considered not only the respective dates of conception and reduction to practice of the invention, but also the reasonable diligence of one who was first to conceive and last to reduce to practice, from a time prior to conception by the other.

35 U.S.C. §112

§112. Specification

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure, material, or arts in support thereof, and such claim shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof.

REME COURT, U. S.

FILED
MAR 8 1969
JOHN F. DAVIS, CLERK

No. 1012

In the
Supreme Court of the United States
OCTOBER TERM, 1968

NATIONAL SPONGE CUSHION CO., INC.,
Petitioner,

v.

ALLEN INDUSTRIES, INC. and
COLONIAL RUBBER WORKS, INC.,
Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Third Circuit

PETITIONER'S REPLY BRIEF

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In The
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PETITIONER'S REPLY BRIEF

THE "KEY" ISSUE

The key issue before this Court is **not** whether any differences in the record can possibly reconcile the conflicting outcome on the same issue in different circuits. The key issue is **whether the jury function in this case has been respected.**

Petitioner submits that there is abundant, persuasive evidence establishing non-obviousness and supporting the jury's verdict upholding validity. This evidence includes,

for example, the contemporaneous private internal correspondence of U.S. Rubber Company establishing that persons of exceptional skill in this art, and having full knowledge of the prior art, were unable to discover that which the patent in suit teaches despite intensive efforts to do so (139a-142a). Fifteen years after the invention and fifteen months after the jury's favorable verdict, however, the trial court upset the verdict without observing the proper guidelines in passing on a motion for judgment n.o.v. In so doing it effectively denied this petitioner its right to trial by jury.

A DIRECT CONFLICT IS CLEARLY PRESENT

Respondents' contention that "There is No Real Conflict of Decisions" is untenable. The Court of Appeals for the **Ninth** Circuit, concluding that the patented subject **"required more ingenuity** than the work of a mechanic skilled in the art" and **"measures up** to the established standards for invention", held the patent **valid** (37c-39c). The Court of Appeals for the **Third** Circuit, adopting the District Court's opinion that the patented subject matter **"would have been obvious** to a person of ordinary skill in the art" and "the jury's finding of patent validity **is inconsistent with** the established standards of invention", held the patent **invalid** (28c, 42c). Yet respondents attempt to explain away the direct conflict on the specious ground that the records in the two circuits are not the same.

But are the records ever the same? In almost every case where a patent is litigated a second time after being upheld in one circuit, the accused infringer attempts to augment the proofs of the first case in some way so that an allegation of "new evidence" and different record can be made. It would be highly surprising and most unusual if the accused infringer did not. The history of patent

cases accepted by this Court shows that the records before the respective conflicting circuits are seldom the same. Yet this Court has reviewed.

In *Diamond Rubber Company of New York* v. *Consolidated Rubber Tire Company*, 220 U.S. 428, 430 (1911), this Court reviewed and affirmed the conflicting decision of the Second Circuit upholding a patent previously held invalid by the Sixth Circuit, even though this Court specifically noted that the later record was based upon

> ". . . new facts and features which have been added to or developed from the records in the earlier cases. . . ."

In *Eibel Process Co.*, v. *Minnesota & Ontario Paper Co.*, 274 F 540, 552 (1 Cir. 1921), the First Circuit, in handing down a conflicting opinion, specifically noted that,

> ". . . the record before us is so different from that which was before the court in the Second Circuit that we do not think that we can properly follow that decision. . . ."

Notwithstanding, this Court reviewed and reversed the First Circuit at 261 U.S. 45 (1923).

In *Dow Chemical Co.* v. *Halliburton Oil Well Cementing Co.*, 139 F.2d 473, 475 (6 Cir. 1943), the Sixth Circuit, in handing down an opinion which conflicted with the Tenth Circuit, specifically noted that the Tenth Circuit,

> ". . . did not have the advantage of testimony presented in the instant case. . . ."

Notwithstanding, this Court granted certiorari and affirmed the Sixth Circuit at 324 U.S. 320 (1945).

See also *Permutit Co.* v. *Graver Corporation*, 284 U.S. 52, 58 (1931), and the lower court's acknowledgment of a

different record therein, 43 F.2d 898, 903 (7 Cir. 1930). In the present case, there is no acknowledgment by either the trial court or Court of Appeals of a different record or even that there is a prior conflicting decision.

RELEVANT ISSUES OF FACT ARE CONTROVERTED

Respondents' repeated references to "uncontroverted evidence" and "uncontroverted testimony" and their contention that there are "no disputed relevant facts" grossly misrepresent the record of this hotly-contested litigation. Some of the very exhibits and testimony they rely upon in their opposing brief belie their contention.

At pages 5 and 11, for example, they refer to "the uncontroverted testimony and exhibits of employees of Goodrich" and have sent up for consideration by this Court in opposing this petition several physical exhibits including a B. F. Goodrich Company product identified as P-6 or PX 6. A critical question is whether this alleged prior art sample was prepared without an adhesive. On direct examination, the principal Goodrich witness for respondents testified that **no** adhesive was used (17b). On cross-examination he was impeached; during his previous deposition he had testified under oath to the contrary (92a). He finally admitted he was relying entirely on a sample tagging system which was shown to be unreliable (93a, 136a-138a). Notwithstanding, the trial court specifically noted in its opinion that P-6 and other exhibits were prepared "without the use of adhesives" (14c), a determination which should properly have been left to the jury.

THE MOST PERTINENT PATENT WAS BEFORE THE NINTH CIRCUIT

Respondents' statement at page 6 of their brief that

> ". . . All five of these prior art patents were not before the Ninth Circuit Court of Appeals"

is misleading. "**All** five . . . were not before the Ninth Circuit", but, significantly, the most pertinent of the five was.

This is Blair et al. U.S. Patent 2,480,316, the primary prior art patent reference upon which respondents rely and to which they devoted more trial time and briefing effort than to all of the other four combined (P-226, P-226A, P-308, 286a-288a, 121b-130b, 144b-145b, 166b, 171b-174b, Trial Tr. 1183, 1379, 1395-1397, 1738-1741). This same patent was heavily relied upon in the Ninth Circuit case and was fully considered and discarded by the Court of Appeals for the Ninth Circuit in its opinion (32c-34c).

CONCLUSION

The import of this patent case goes beyond the resolution of a direct conflict between decisions of the Third and Ninth Circuits as to validity. This case presents this Court with the opportunity to refurbish the eroded stature of the jury and the right to trial by jury in patent cases.

Respectfully submitted,

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No. 1012

In the
Supreme Court of the United States
OCTOBER TERM, 1968

NATIONAL SPONGE CUSHION CO., INC.,
Petitioner,

v.

ALLEN INDUSTRIES, INC. and
COLONIAL RUBBER WORKS, INC.,
Respondents.

PETITION FOR REHEARING OF ORDER DENYING CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

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PETITION FOR REHEARING OF ORDER DENYING CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

Petitioner prays for a rehearing of its application for a writ of certiorari which was denied March 24, 1969.

SUBSTANTIAL GROUND NOT PREVIOUSLY PRESENTED

The substantial ground available to petitioner although not previously presented, which gives rise to this petition for rehearing, is the possible discriminatory and anti-competitive royalty structure arising out of the **direct conflict** between Courts of Appeal for the Third and Ninth Circuit as to the validity of petitioner's patent, which this Court has let stand.

Unless this validity conflict is resolved, respondents here are free to practice the patented invention without accounting to the patent owner while at the same time certain licensees may still be liable for royalties, and other infringers who refuse licenses are subject to infringement actions and judgments for damages. *Triplett* v. *Lowell,* 297 U.S. 638, 644 (1936).

The question now squarely presented by this Court's denial of certiorari is thus: **does petitioner have the right to continue to assert its patent under *Triplett,* and, if so, how does the rule of that case square with cases condemning certain discriminatory practices.**

PROBLEM RECOGNIZED BY THE PRESIDENT'S COMMISSION

This problem and its possible anti-competitive effects were recognized by the President's Commission on the Patent System, which was established by Executive Order No. 11215 of April 8, 1965. In its 1966 Report to the President*, it pointed out that even though a patent has been held invalid in one circuit the patentee may pursue a different defendant in another circuit for infringement of the same patent. It stated (Page 39):

> "As a result, a party may be held liable as an infringer or required to pay royalties in one circuit, while his direct competitor is practicing the same invention without restriction in another circuit. . . ."

The Commission's Recommendation No. XXIII to cope with this situation, *i.e.,* "a claim, once held invalid, would

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* "'To Promote the Progress of . . . Useful Arts' in an Age of Exploding Technology"—Report of The President's Commission on the Patent System, Washington, D.C. 1966, Superintendent of Documents, U.S. Government Printing Office.

be treated as cancelled from the patent", has **not** been enacted into law and is **not** present in any of the enabling legislation currently before Congress (e.g., S. 1246, 91st Congress, 1st Session). Thus, with the Ninth Circuit holding petitioner's patent valid and the Third Circuit holding it invalid, petitioner can only look to this Court to resolve the dilemma. Otherwise petitioner must engage in further protracted litigation without hope of ever resolving an already-existing conflict.

ANTI-COMPETITIVE SITUATION CONDEMNED IN OTHER CASES

In a series of cases, the use of discriminatory rates in the leasing of patented machines, although not brought about, as here, by conflicting decisions of two different Courts of Appeal, have been held to be unlawful.

In *LaPeyre* v. *Federal Trade Commission,* 366 F.2d 117 (5 Cir. 1966), different rates were charged for rental of identical patented machines. The F.T.C. concluded that the leasing procedure was innately discriminatory and anti-competitive in its effect, that the refusal to grant the same rate to all had substantially and unjustifiably injured competition, and that the patent owners had violated Section 5 of the Federal Trade Commission Act. The Court of Appeals agreed, stating (Page 120) that it is

> ". . . the duty of a lawful monopolist to conduct its business in such a way as to avoid inflicting competitive injury on a class of customers. . . ."

In the case at bar, the respondents, which sell the allegedly infringing product nationally, will be in a class by themselves. They pay no royalties, whereas their competitors are subject thereto.

In *Peelers Company* v. *Wendt,* 260 F.Supp. 193 (W.D. Wash., 1966), the same anti-competitive situation was held to be a violation of Section 2 of the Sherman Act. The court observed that, although price discrimination is the specific subject of the Robinson Patman Act, such circumstance does not preclude price or lease rate discrimination from being a cause of a Sherman Act violation.

In *Laitram Corporation* v. *King Crab, Inc.,* 245 F.Supp. 1019 (D. Alaska, 1965), the same discriminatory practices were held to be a misuse of patents precluding the award of an injunction or damages for infringement during the period within which discriminatory rates were effective. In the case at bar the discriminatory situation arises from the unresolved conflict in decisions between Courts of Appeal.

SUPREME COURT RULE 58 CONTEMPLATES CERTIORARI IF A CONFLICT EXISTS

In Rule 58, par. 2, of this Court, three case citations are set forth to illustrate when petitions for rehearing of orders on petitions for writs of certiorari may be granted. Two of the three cases involve patents and support petitioner's position that certiorari should be granted.

In *Sanitary Refrigerator Co.* v. *Winters,* 280 U.S. 30, 34, footnote 1 (1929), the petition for rehearing was granted because after denial of certiorari to one circuit a conflicting decision was handed down by another circuit. In the case at bar we already have two conflicting decisions from different circuits.

In *Schriber-Schroth Co.* v. *Cleveland Trust Co.,* 305 U.S. 47, 50 (1938), rehearing was granted after certiorari had been denied because the petitioner showed that the

industry (auto) was so concentrated in one circuit, the Sixth Circuit, that it was unlikely that a conflict between Courts of Appeal could ever be obtained. Here no such explanation is necessary. We have an actual conflict between Courts of Appeal.

CONCLUSION

Petitioner submits that basic fundamental issues going beyond any private interest fully justify resolution of the direct conflict between circuits. Confusion, uncertainty, further protracted litigation and a possible discriminatory and anti-competitive situation can only result if certiorari is not granted.

Respectfully submitted,

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April 15, 1969

CERTIFICATE OF ATTORNEY

I hereby certify that the foregoing PETITION FOR REHEARING OF ORDER DENYING CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT is presented in good faith, and not for delay, and is restricted to the substantial ground available to petitioner, as set forth therein, although not previously presented.

.....

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